



FIDIA GROUP
Annual Financial Report
at 31 December 2021

Board of Directors
27 October 2022

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Paid-in share capital € 5,123,000
Turin Register of Companies
Taxpayer's Code 05787820017
Website: <http://www.fidia.it> - <http://www.fidia.com>
e-mail: info@fidia.it

Financial statements prepared by the Board of Directors on 27 October 2022

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Governing and Supervisory Bodies

Fidia S.p.A.

Issued and paid-in share capital €5,123,000.00
Entered under no. 05787820017
in the Turin Register of Companies
Turin Business Code R.E.A. no. 735673
Registered office in San Mauro Torinese (Turin)
Corso Lombardia No. 11
Website: <http://www.fidia.it> - <http://www.fidia.com>
e-mail: info@fidia.it

Board of Directors

Chairman and CEO
Deputy Chairman
Directors

Giuseppe Morfino (a)
Luigi Maniglio (b) (d)
Luigino Azzolin (c) (1) (2)
Paola Savarino (c) (1) (2) (3)
Laura Morgagni (c) (1) (2)

(a) appointed Chairman and CEO by the Board of Directors on 29 April 2020.

(b) Appointed Director on 28 October 2021; appointed Deputy Chairman on 22 January 2022 to replace Mr. Secondo Dentis who was in turn appointed by the Shareholders' Meeting of 29 April 2020 until the approval of the financial statements for the period 2022; appointed Deputy Chairman by the Board of Directors on 29 April 2020 and lapsed on 28 October 2021.

(c) Appointed at the Shareholders' Meeting on 29 April 2020 until the approval of the financial statements for the period 2022.

(d) Deputy Chairman Luigi Maniglio was given separate authority for Administration, Finance and Control by the Board of Directors on 22 January 2022.

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

(3) Lead Independent Director

Board of Statutory Auditors (*)

Statutory Auditors

Massimo Ceraolo - Chairman
Giuseppe Chiappero
Marianrosa Schembari

Alternate Auditors

Ombretta Cataldi
Silvia Cornaglia
Stefano D'Orazio (e)

(*) Appointed at the Shareholders' Meeting on 29 April 2020 until the approval of the financial statements for the period 2022.

(e) Alternate Auditor Stefano D'Orazio was appointed by the Shareholders' Meeting on 8 July 2022.

Independent Auditors (***)

Deloitte & Touche S.p.A.

(***) Appointed at the Shareholders' Meeting on 29 April 2020 for the nine-year period 2021-2029.

Powers of the Chairman of the Board of Directors, Deputy Chairman And Chief Executive Officer

Chairman of the Board of Directors and Chief Executive Officer: Mr. Giuseppe Morfino

S/he is the legal representative of the company with regard to third parties and courts of law, with separate signature, to exercise any and all, and the broadest powers of ordinary and extraordinary administration; s/he is entitled to appoint and revoke special attorneys for specific transactions, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors, under the law or the company By-laws. The Board of the Directors retains the following powers:

- purchase, disposal, and conferment of equity investments;
- disposal, conferment and/or lease of the company or any units thereof;
- purchase of companies or units of companies;
- purchase and/or disposal of real estate and/or tangible rights and/or rights of way thereto;
- registration of mortgages on corporate property;
- definition of company strategies relating to the purchase and sale of equity investments, company branches and real estate.

As Chair, s/he is also vested with the capacity of "employer" as well as person in charge of the plants, emissions and wastes.

Deputy Chairman of the Board of Directors: Mr. Luigi Maniglio with separate authority related to Administration, Finance and Control.

Organization of the FIDIA GROUP

FIDIA S.p.A.
Italy

FIDIA GmbH
Germany

100% Fidia S.p.A.

Beijing Fidia M. & E. Co.
China

100% Fidia S.p.A.

FIDIA S.a.r.l.
France

93.19% Fidia S.p.A.
6.81% Fidia GmbH

Shenyang Fidia
NC & M Co. Ltd.
China

51% Fidia S.p.A.
49% Shenyang M.T. Co. Ltd.

FIDIA IBERICA S.A.
Spain

99,993% Fidia S.p.A
0,007% other

OOO FIDIA
Russia

100% Fidia S.p.A.

FIDIA Co.
United States

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda
Brazil

99.75% Fidia S.p.A.
0.25% other

**Consolidated and separate financial
statements - Fidia S.p.A. 2021**

Directors' Report

Summary of results and significant events for the period

The reporting period 2021 recorded revenues of €23,837 thousand, a significant increase compared to €21,239 thousand in the previous period (12.2%).

Despite the increase in revenues, it is worth mentioning the continuing crisis in the market and the sector in which the Company operates (mainly automotive and aerospace), which resulted in the failure to increase new orders. This crisis was further aggravated by the Covid-19 pandemic.

Profitability indicators (specifically EBITDA, EBIT, EBT, and net income) improved significantly from the previous year due to the increase in revenues. Specifically, EBITDA went from -10.0% to 1.7% while EBIT went from -26.4% to -10.6%, both compared to value of production.

The Group's consolidated net result was still negative, with a loss of €3,496 thousand, compared to a loss of €5,952 thousand in 2020.

The result comprises €1,933 thousand of depreciation and amortization, as the requirements for their suspension pursuant to Decree Law 104/20 are not met.

Value of production also recorded an increase of 10.43% (from €21,765 thousand in 2020 to €24,034 thousand in 2021).

On the commercial front, the Group's total new orders was slightly down compared to 2020 and stood at €11.4 million due to the slowdown in all markets with the only exception of China and the Czech Republic.

The net financial position at the end of 2021 showed net debt of €18,995 thousand (net debt of €15,744 thousand at 31 December 2020), mainly due to the change in net working capital and capital assets.

In short, the trends in the 2021 results were as follows:

- EBITDA in the amount of €418 thousand (1.7% of value of production) versus €-2,177 thousand in 2020 (-10.0% of value of production);
- Consolidated net result in the amount of -€3,496 thousand (€3,202 thousand recorded by the Group and a loss of €294 thousand by NCIs) versus a consolidated net result of -€5,952 thousand (€5,708 thousand recorded by the Group and a loss of €244 thousand recorded by NCIs) in 2020.
- Capital expenditure: €292 million of net increase in the period, due to the capitalization of development activities;
- Closing order backlog equivalent to €13.8 million versus €16.0 million in 2020.

In order to maintain capital and financial balance, specific cost reduction and containment measures have been activated since the end of 2019, including the initiation of the solidarity contract. In addition, an extension until 31 December 2020 of the standstill already formalised in April 2020 with lenders. This agreement was superseded by the Arrangement Procedure, which kept the suspension of repayment intact.

Nevertheless, in connection with the continuing state of the crisis, the Company continued to take the following additional steps:

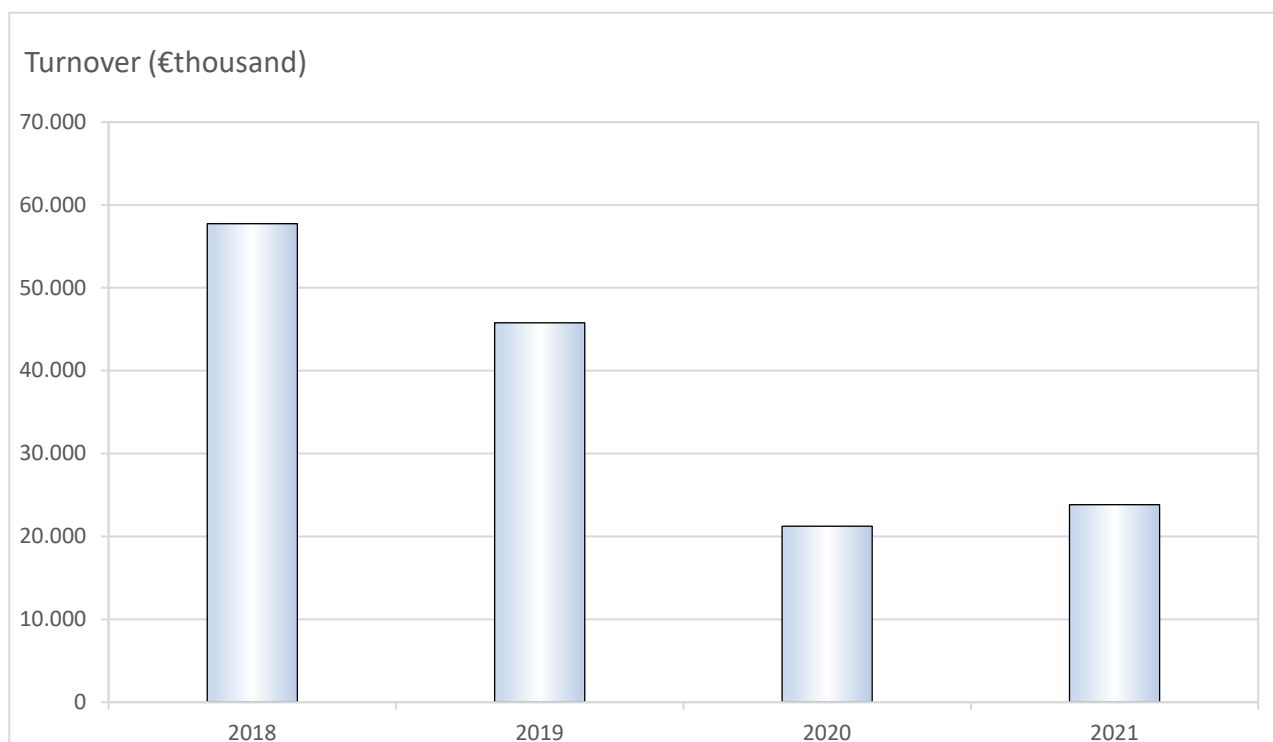
- the suspension of compensation of governing and supervisory bodies;
- the Company found a third financial investor in the market in order to complete recovery;

Although the actions taken allowed to partially contain the effects of the market crisis that hit the Company, they were not sufficient to guarantee it the resources necessary to meet its obligations, and therefore on 13 November 2020 Fidia S.p.A. filed with the Clerk of the Court of Ivrea an appeal pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law (Royal Decree 267/1942), which was followed by formal admission to the arrangement procedure on 29 September 2021. In an approval ruling dated 22 June 2022, the Court of Ivrea ruled in favour of the arrangement with creditors.

The financial statements of Fidia S.p.A. closed the year 2021 with still negative equity of €8,505 thousand, including a loss for the year of €2,858 thousand.

What follows in more detail are the actions taken by the Company's directors to cope with the economic and financial crisis and to restore capital and financial balance. With the positive effects of the arrangement and the injection of new funding from new investors, the Company will be able in the short to medium term to resume developing its business activities.

The trend in revenue in the period 2018-2021 is illustrated in the chart below:



Other main economic and equity data:

| (€thousand) | 2021 | 2020 |
|---|--------------|--------------|
| Result before taxes | (3,258) | (6,044) |
| Profit/(loss) of the period | (3,496) | (5,952) |
| Attributable to: | | |
| - Group | (3,202) | (5,708) |
| - NCIs | (294) | (244) |
| Basic earnings per ordinary share | (0.626) | (1.116) |
| Diluted earnings per ordinary share | (0.626) | (1.116) |
| R&D expenditure (€mil) | 0 | 1 |
| Total assets | 40,473 | 38,521 |
| Net financial position - (payables)/receivables | (*) (18,995) | (*) (15,774) |
| Equity of Group and NCIs | (1,737) | 725 |
| Equity of Group | (2,333) | (117) |
| Number of employees at year-end | 217 | 271 |

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having effective date of application on 5 May 2021.

Shareholders

Fidia constantly informs its shareholders and investors through the Investor Relations function and the Company website at www.fidia.it - www.fidia.com under Investor Relations where you can find economic and financial data, company presentations, and periodic reports and updates on Company shares. Furthermore, in order to maintain an ongoing relationship with investors based on dialogue, the company regularly participates in events and meetings with the financial community and, in certain cases, organizes presentations, company visits and open house events.

The following contacts are also available for shareholders:

Telephone number: +390112227111;

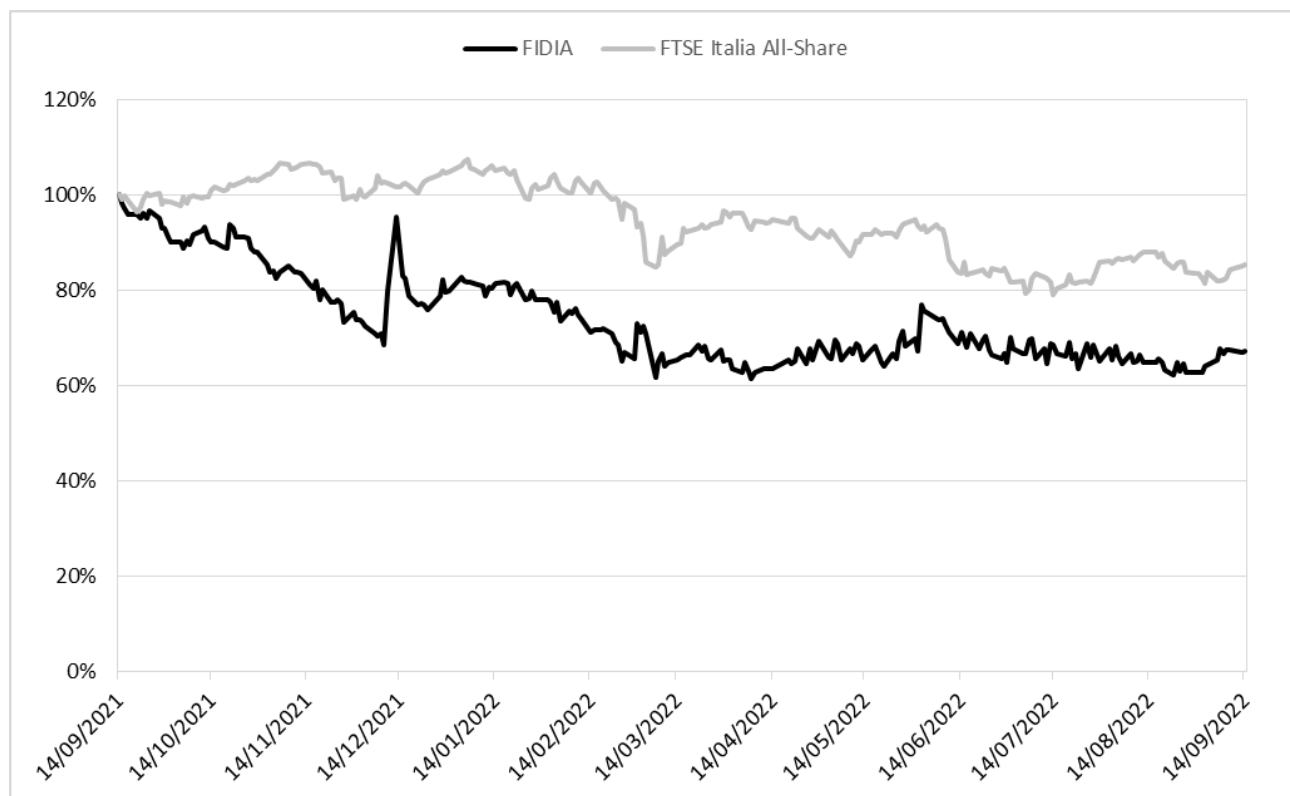
E-mail: investor.relation@fidia.it;

info@fidia.it

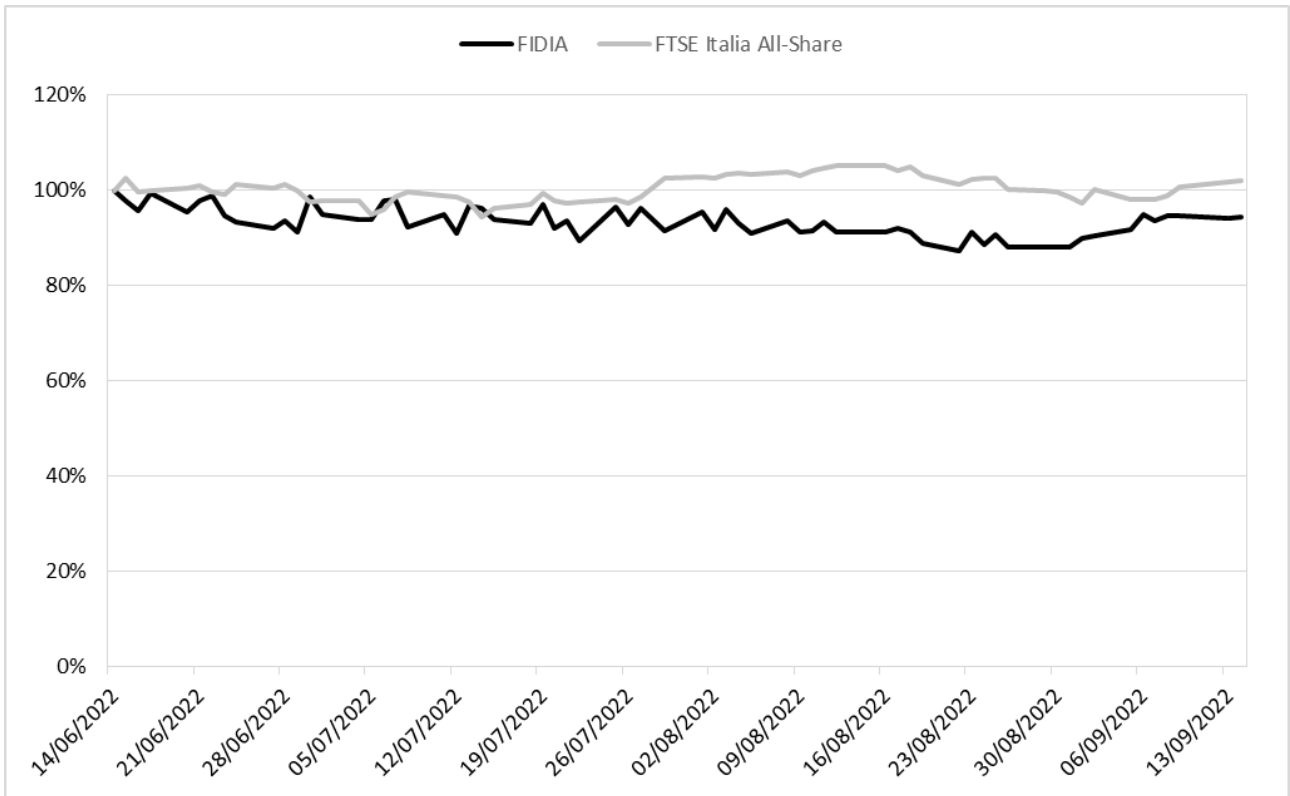
Performance of Fidia stock compared with the FTSE Italia All-Share index

FIDIA S.p.A. is listed on the Italian Stock Exchange in the MTA (Mercato Telematico Azionario) segment, organised and managed by Borsa Italiana S.p.A.

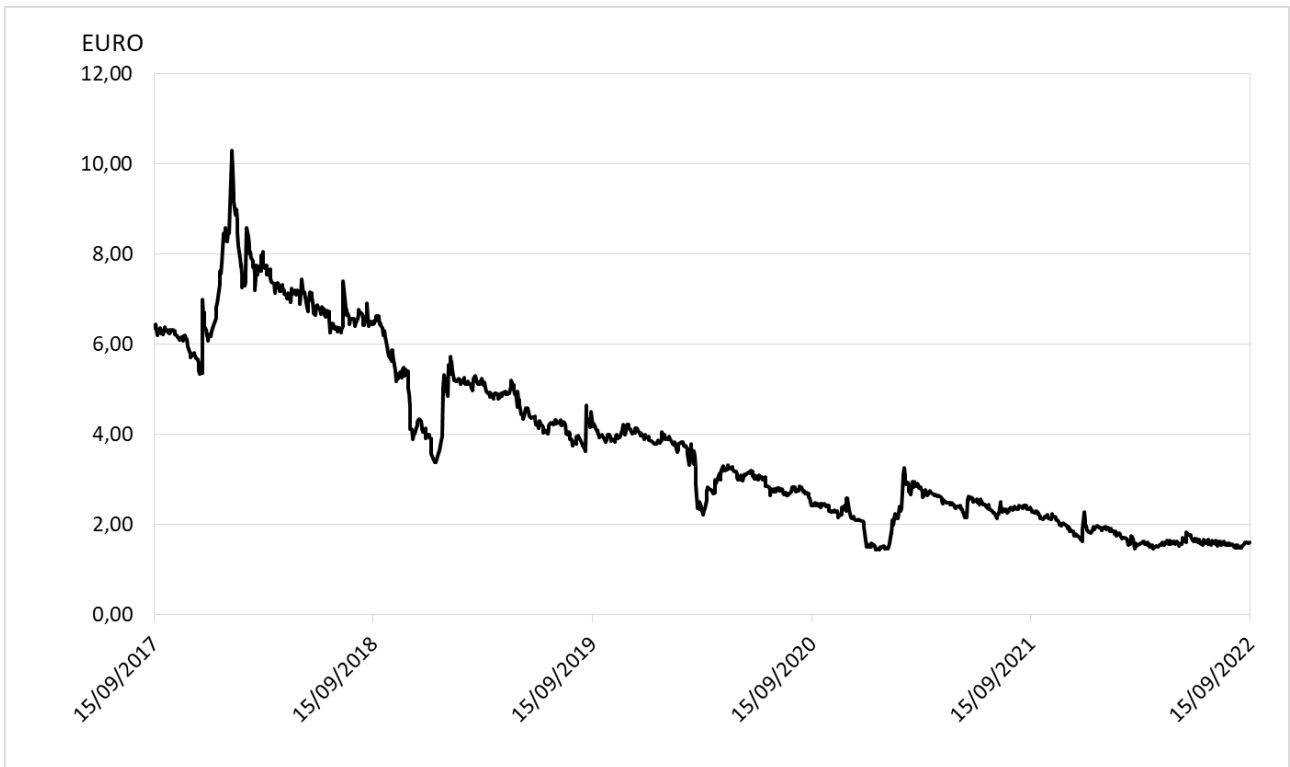
The following chart shows the performance of stock from 14 September 2021 to 14 September 2022 in comparison with the FTSE Italia All-Share Index.



Below is the share price performance over the past three months (updated at 13 September 2022) in comparison with the FTSE Italia All-Share Index.



Share price performance over the past five years (EUR).

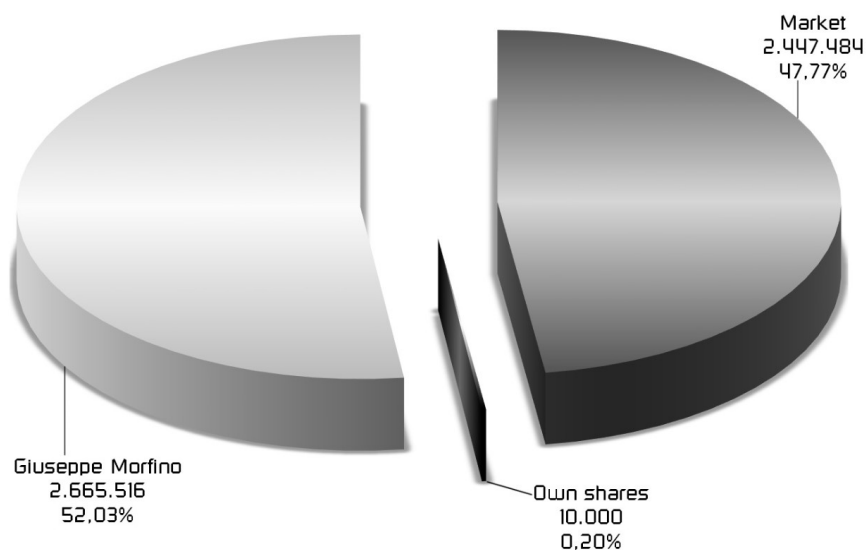


Main shareholders

No changes in the share capital were recorded during 2021. Therefore, the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2020. The holders of ordinary shares at 28 September 2022 are:

| | |
|------------------|--|
| Giuseppe Morfino | No. 2,665,516 shares, equal to 52.03%; |
| Market | No. 2,447,484 shares, equal to 47.77%; |
| Treasury shares | No. 10,000, equal to 0.20%. |

No categories of stock other than ordinary shares or bonds were issued.



| Main data per share (Euro) | 2021 | 2020 |
|--|-----------|-----------|
| Mean number of shares on date of reference | 5,113,000 | 5,113,000 |
| Face value per share | 1.0 | 1.0 |
| Base earnings per ordinary share (1) | (0,626) | (1,116) |
| Diluted earnings per ordinary share (2) | (0,626) | (1,116) |
| Equity of Group per share | (0,456) | (0,023) |

(1) and (2): calculated by dividing the earnings to the Parent Company shareholders by the weighted mean of the ordinary shares in circulation during the period.

| Closing price per share at: | (euro) 30.12.2021 | (euro) 30.12.2020 | (euro) 30.12.2019 | (euro) 30.12.2018 | (euro) 30.12.2017 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Ordinary shares | 1.910 | 1.450 | 3.800 | 3.390 | 6.915 |

During 2021 and the early months of 2022, up to the date of approval of this document, no transactions on treasury shares were carried out; therefore, as at that date, the number of treasury shares in the portfolio amounted to 10,000 (equal to 0.20% of the capital) with a total value of €15.8 thousand.

Market capitalisation amounted to €9.8 million as at 31 December 2021, and €8.1 million as at 28 September 2022.

Main risks and uncertainties to which Fidia S.p.A and the Group are exposed

The main types of risk which the Group is exposed to are listed below. The analysis of said risks is also illustrated in the notes in which the hypothetical quantitative effects linked to fluctuations in market indicators are examined and a more detailed description of the main policies adopted to face market risks is provided.

The considerations regarding the Group also apply to Fidia S.p.A., which, as Parent Company, is basically exposed to the same risks and uncertainties.

Risks related to the failure to complete the arrangement process

With a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

By a decree communicated on 1 December 2020, the Court of Ivrea admitted the Company to arrangement with creditors with rights reserved to file ancillary documents at a later date, giving a deadline until 31 March 2021 for the filing of a final proposal for arrangement with creditors (with the plan and complete documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law).

On 29 September 2021, the Company filed the arrangement plan with the Court of Ivrea, and on 29 November 2021, the Court admitted Fidia to the arrangement procedure with creditors on a going concern basis, finding the plan and arrangement proposal presented to be legally feasible under the proposed terms and conditions.

On 11 March 2022, the court-appointed commissioner filed the Report pursuant to article 172 of the Bankruptcy Law in which, as a result of the analyses, findings and assessments carried out, he found that the Arrangement Proposal would allow for a better and faster satisfaction of the creditors, compared to the only practically feasible alternative, i.e., bankruptcy.

On 27 April 2022, a meeting of creditors was held at which sufficient affirmative votes were cast to secure a majority of affirmative votes in Class 2, but not in Class 1. The voting operations (so-called late voting) were thus concluded on 17 May 2022, recording the achievement of the majorities required by Article 177 of the Bankruptcy Law for the approval of the procedure.

On 22 June 2022, the Court of Ivrea issued the order approving the arrangement as a going concern, published on 24 June 2022, and then ordered the Company to carry out the fulfilments of the arrangement plan filed at the time and thus the fulfilment of the provisions contained in the same plan and the planned capital increase transactions. Pursuant to Article 186 of the Bankruptcy Law, the court-appointed commissioner will supervise its fulfilment in the manner set forth in the approval ruling, reporting to the court any fact that may prejudice creditors.

Please refer to the section "Significant events after year end and business outlook" for a more detailed discussion of the arrangement procedure, as well as the causes of the crisis.

Risks related to the general economic outlook

In view of the substantially international presence and operations of the Group, its economic and commercial performance, as well as the balance sheet and financial position are heavily influenced by multiple factors that characterize the world macro-economic scenario and more specifically by the trend in GDP of the countries in which the Group is operating. Other factors that can affect the results and the performance of the Group are related to the trend in interest rates and exchange rates, the trend in the cost of raw materials, changes in the rate of unemployment and more generally the expectations regarding the trends in monetary policies adopted globally and especially in the economic areas of interest.

The global economy in 2021 continued to slow down even as the pandemic COVID-19 continued. Exacerbating the situation, starting in the last months of 2021, was the extraordinary rise in electricity, gas and oil costs. These price increases were reflected in the cost of the material, sometimes already hard to find on the market as a result of the COVID-19 pandemic. Lack of materials and the rising cost of materials, as well as energy, are factors to be monitored carefully, putting in place purchasing strategies to get the material and obtain it in an economically sustainable manner.

Energy-related price increases in 2022 at Italian plants are currently around 80% compared to 2021. However, since the company is not classifiable as energy intensive, even with this increase, it is not considered to affect the company's normal business operations. However, all cost containment actions are being implemented in order to minimise this impact as much as possible.

Risks related to the Covid-19 pandemic

As an industrial group operating internationally, the Fidia Group is also exposed to risks associated with possible epidemics and pandemics. The Covid-19 health emergency represented a major discontinuity with impacts not only on people's health but also on economic performance in the world market.

Starting in January 2020, the national and international scenario was characterised by the spread of the Covid-19 pandemic and the related restrictive measures implemented by the administrative and health authorities of the various countries to contain it.

The spread of the COVID-19 virus has caused widespread concern about the prospects for the global economy. With regard to the events related to the spread of the Covid-19 virus, the Group has prepared all the activities necessary to facilitate the sanitization of the workplace and safeguard the health and safety of its workers, as well as to comply with the provisions of the Government on the health and safety of workers, aimed at preventing the spread of the virus.

The parent company was among those that did not have to lock down as its ATECO company codes were among those whose activity is considered indispensable and therefore continued its normal operations, although most of the outlet markets and the reference sector were subject to lockdown and slowed down their orders. As explained in the commentary on the results for the period, the spread of the pandemic caused a drop in demand for the Company's products in almost all reference markets. Despite this, the Company in the period 2021 slightly increased its revenues compared to the previous year.

In this scenario, in order to partially mitigate the economic and financial impact caused by this emergency, the Group has continued its plan to reduce overheads and employees, with the aim of partially amortising the drop in revenue, and to implement careful inventory management and working capital containment policies, with a view to controlling financial debt.

Risks related to the Russia-Ukraine conflict

As is well known in February 2022, tensions between Russia and Ukraine escalated into a war conflict resulting in a situation that effectively disrupted normal business operations.

The Fidia Group is present in Russia with a subsidiary that is, however, non-operational and the Russian market is not a significant outlet for the Group.

Given the changing scenario, the Group closely monitors developments in the situation and its implications for business. There are currently no indications of significant financial economic consequences for the Group.

Risks linked to Group results

The Fidia Group operates in sectors that are historically marked by a certain cyclical behaviour, such as the automotive sector, and in others characterized by greater inertia in reacting to economic trends (aerospace and power generation).

It is difficult to forecast the scope and duration of business cycles. Clearly, like any exogenous event, such as a significant drop in one of the main markets of reference, the volatility of financial markets and the resulting worsening of the situation in capital markets, an increase in the cost of commodities, negative fluctuations in interest and exchange rates, government policies, etc., could negatively impact the sectors in which the Group operates and prejudice the outlook and business, thus affecting its economic and financial results. The profitability of the Group's business is also linked to the risk of fluctuation in interest rates and to the solvency and ability of commercial partners to raise funds as well as to the general economic situation of the countries in which the Group operates.

Risks linked to the need for financial means

The trend in the Group's financial standing depends on several variables, among which the trend in the general economy, financial markets and sectors in which the Group is active. The cyclical nature of revenues over the quarters is given due consideration because of the effects it can cause on Working Capital and the resulting need for financial resources.

The Fidia Group intends to cover the needs resulting from financial payables falling due, planned investments and other current assets that imply an effect on the working capital through the flows deriving from operations, cash on hand and the renewal or refinancing of bank loans.

The commercial trend and the management of stocks, despite the synergies resulting from the restructuring activities carried out in past years, have generated a greater need for working capital, managed to avoid the creation of situations of financial tension. However, events that hinder the maintenance of normal sales volumes, or that may cause contractions, may have negative effects on the ability to generate cash flow from operations.

It is the Group policy to keep the cash on hand in sight deposits by allocating it among an adequate number of leading banks. However, considering also tensions in financial markets, it cannot be ruled out that situations in the banking and money markets can be an obstacle to normal operations in financial transactions.

Please refer to the notes to the financial statements for a more detailed definition of the policies undertaken by the Group to deal with liquidity risk and for an analysis by maturity of the financial liabilities that will also benefit from the capital increase that will materialise in the completion of the agreed procedure according to the schedule shared by the investor and the Company.

Risks linked to fluctuations in exchange and interest rates

The Fidia Group, which operates in a number of world markets, is naturally exposed to market risks linked to fluctuations in exchange and interest rates. Exposure to exchange rate risks is mainly related to the different geographical distribution of its commercial activities by which a part of its revenue is realized in currencies other than the Euro. In particular, the Group is exposed for exports to USD areas and, given its strong presence in China, also to changes in the local currency.

The Fidia Group uses various forms of financing to cover the needs of its industrial operations. Variations in interest rates can lead to an increase or decrease in the cost of loans and hence have financial repercussions and general consequences on the Group's profitability.

Consistently with its risk hedging policies, the Fidia Group is engaged in tackling exchange rate fluctuations by resorting to appropriate hedging instruments.

Despite these financial transactions, sudden changes in exchange and interest rates could negatively affect the Group's economic and financial results.

The notes comprise a dedicated section in which said risks are further analysed and the potential impact of hypothetical fluctuations in interest and exchange rates is examined based on simplified scenarios.

Risks linked to relations with employees and suppliers

In the various countries in which the Group operates, employees are protected by laws and/or collective labour agreements that grant them, through trade unions, the right to be consulted on specific issues, among which reorganization and layoffs. Said laws and/or collective labour agreements applicable to the Group could affect its ability to strategically redefine and reposition its operations in a flexible manner. Fidia's ability to cut staff or adopt other measures to interrupt employer-employee relationships also on a temporary basis is hence contingent on restraints set by the law and by procedures involving trade unions. Thus, it follows that when opening or confirming new employment relationships, caution is required.

Moreover, the Group purchases raw materials and components from a large number of suppliers and is dependent on outsourced services and processing. Close cooperation between the Group and some strategic suppliers is now common practice and, while on the one hand this brings major benefits in economic and quality terms, on the other, the Group heavily relies on said suppliers. Therefore, any difficulties they may experience (due either to endogenous factors or macro-economic variables) can negatively impact the Group.

Risks related to the balance of the organisational structure

The performance of the Group heavily depends on the ability of its executives and other managers to effectively run the Group and its single companies. The loss of the services of some key resources without being duly replaced or the inability to draw and retain new and qualified resources could hence have negative effects on the outlook, production and commercial operations and economic and financial results of the Group.

However, it is believed that the personnel who have left to date are fungible, and in this regard appropriate searches aimed at replacement have already been initiated.

The search for personnel is harmonised with the plans submitted in the application for arrangement.

The Company is functioning regularly and meeting the needs arising from current activities.

Risks linked to the high degree of competition in the Group's business sectors

The markets in which the Group operates are extremely competitive in terms of product quality, technological innovation, economic terms, reliability, safety and after-sales technical service. The Group is competing in all the markets in which it is active with leading international companies and various local players.

The success of Fidia Group's operations depends on its ability to maintain and increase its shares and to expand into new markets with innovative products featuring high technological and quality standards and to ensure adequate levels of profitability.

Ensuring these prerogatives calls for, inter alia, significant investment in research and development.

Risks linked to sales on international markets and to exposure to uncertain local conditions

A substantial part of the Group's revenue is realized on international markets and most of the sales are made outside of the European Union. Therefore, the Group is exposed to risks linked to worldwide operations, including the risks associated with:

- exposure to local economic situations and policies;
- implementation of restrictive or penalizing policies on imports or exports;
- multiple tax regimens and particularly transfer pricing and the application of withholding tax or other taxes on remittances and other payments of or by subsidiaries;

- enactment of limiting or restrictive policies on foreign investments and/or trade as well as policies on exchange rates and restrictions on the repatriation of capital;
- whether epidemics or pandemics (see for example COVID-19) could contribute to the worsening of economic, financial, logistical and operational conditions in the markets in which the Group operates.

In particular, Fidia operates in several emerging countries, including India, Brazil, and China, which currently represents the largest market for the Group's products.

Unfavourable political or economic events in these regions could have consequences on the Group outlook and business as well as on its economic results and financial standing

Risks linked to manufacturer's liability

Being a manufacturer of highly automated machinery, the Group is exposed to the risk of various types of malfunction, which can cause damage to users and, more in general, to third parties.

The Group protects itself against such cases during the planning and design of its machinery and by adopting appropriate manufacturing procedures that also comprise strict quality control tests. Moreover, it is a well-established practice to cover this risk with product liability policies taken out with leading insurance companies.

Nonetheless, it is not possible to exclude that the Group can be exposed to liabilities resulting from issues of this nature despite the procedures adopted.

Risks linked to environmental policy

The Group's operations comply with the local, national and supranational rules and regulations on environmental protection with regard both to its products and its production cycles. Please be noted that the type of business conducted has limited consequences in environmental terms and in terms of emissions into the atmosphere, waste disposal and water treatment. Maintaining these characteristics do not exclude that the Group will be exposed to liabilities arising from environmental issues.

Risks related to legal, tax or labour disputes

In the exercise of its business, the Group may incur in legal, fiscal or labour law disputes. The Group takes the necessary measures to prevent and mitigate any penalties that may result from such proceedings.

The Fidia Group is subject to changes in tax regulations in the countries where it operates. Despite the fact that the Group provides for, where necessary, a provision for tax disputes, unforeseen tax liabilities may occur, thus negatively impacting on the Group's financial conditions and results due to inadequate allocations to provisions or to unforeseeable situations.

R&D

R&D activities have always been one of the strengths of the Group and received substantial investment over the years. A team of 30 people, also supported by specialised consultants, is currently dedicated to R&D activities.

The costs incurred by the Group at 31 December 2021 amounted to about €0.961 million, equal to about 4.0% of revenues (€1.2 million in 2020 equal to about 5.6% of revenues), and were recorded mainly by the parent Fidia S.p.A.

Since the R&D activities are mainly carried out with internal resources, the costs are almost entirely represented by personnel expenses.

The capitalised costs amounted to approximately €47 thousand (€305 thousand in 2020).

Through its R&D activities, the Group pursues the objective of constantly adapting its products to the needs of its customers, of always being at the forefront of technological innovation in the reference product sector and of enhancing its knowledge not only in order to protect market sectors that are considered driving forces and have greater potential, but also with the objective of opening up new areas. Investment in research and development made in recent years has enabled the Group to consolidate its presence in the aerospace industry and to acquire major orders both in the field of machinery for machining moulds and equipment for the automotive sector and in the field of machinery for processing innovative and non-ferrous materials (for example, carbon fibre, titanium or clay used for modelling cars). Research covers both business lines of the Group.

In the **numerical controls and drives** sectors, the main R&D activities that characterized activities during 2021 were:

- **CPU-Z** – The project aims to develop a new CPU board (called CPU10) in single board computer format based on a new concept of System On Chip (SoC) that integrates both multiple computing units based on ARM architecture and programmable logic. CPU10 represents a change of pace in the design of FIDIA products and is the new architectural solution that meets the growing demands of the market. The solution takes advantage of the high integration present in the new SoC families to provide better performance and products that are flexible/adaptable to the growing demands of the market.
- **HiMonitor** - SW suite designed to monitor the details of operations performed on machines equipped with FIDIA numerical control. It analyses actual machining times, downtime and key events during machining in order to monitor and identify issues and determine the maintenance required to achieve maximum efficiency. HiMonitor is FIDIA's answer to the demand for an integrated machine monitoring tool capable of improving workshop control and managing maintenance operations more carefully and effectively. It features remote machine status control via phone, tablet and PC. HiMonitor is one of the solutions in line with the Industry 4.0 criteria that equip FIDIA numerical controls.
- **nCservice** - The project aims to develop a set of tools and facilities for the maintenance, management and calibration of machine tools. Following the renewal of the graphical user interface, the new service tools are also developed with a modern style capable of making setup and maintenance operations easy.
- **nC20/40** - Work has been carried out to bring a number of improvements to the nC20 and nC40 numerical controls, such as the creation of numerical control configurations, remote I/O peripherals, the development, integration and replacement of I/O devices for the C-series numerical controls, and the development of numerous board configurations, to make FIDIA's numerical control increasingly competitive.
- **CNCV6r2** - Sixth generation of FIDIA numerical control software. The goal of the project is to respond to market and customer demands by implementing axis control logic that further improves high-speed machining, both in terms of accuracy and machining quality.

In the field of **high-speed milling systems**, the Group has pursued a development strategy centred on the one hand on expanding its machine offerings and on the other on finding technological and architectural solutions to improve its offerings.

The main projects that characterised 2021 were:

- **Automatic Pallet Change and FMS Systems** - The growing demand for increasingly complex and modular FMS cells has led to the creation of a new tool dedicated to the management of machining cells with automatic pallet change. The synchronisation of loading and unloading operations, the start of machining programmes and the complete management of pallets will be centralised in a single tool that will allow a single operator to manage the entire cell from a single location.
- **GTF Q4 machines and head change**: New GTF/Q machine with four guides and new geometry to maximise thermal symmetry and minimise z-axis distortion. The V4 head-change platform has also been expanded for different accessories.

Projects concerning the **HTF series**, on the other hand, have seen minimal developments and have been finalised and concluded.

Finally, throughout 2021 the Group continued its activities in the research collaboration field. The year 2021 saw the participation of Fidia as a partner in 4 projects co-financed by the European Commission under Horizon 2020.

FIDIA is also continuing the activity of preparing new project proposals with the objective to support and consolidate the level of product and process innovation that distinguishes the Group.

An overview follows below of the areas of intervention in which there are major financed projects.

- **BLU-SPARK** - Project started in April 2020 and coordinated by C.F.M.AIR, a company in the aerospace sector, aims to produce hybrid aircraft, using combustion and electric motors. Fidia is responsible for the development and supply of drives capable of providing the additional features related to hybridisation.
- **ZDMP** - Zero Defects Manufacturing Platform, a project launched on 1 January 2019 thanks to an investment of €19 million covered 30% by 30 partners (companies, universities and research centres) and 70% by the European Commission, with the aim of strengthening Europe's position in the production of high quality products. The project covers 48 months, and the mission is to develop and establish a digital platform for the Smart Factory to support new Zero Defect production processes for the smart and connected factories of the future, including SMEs.
- **LaVA** - Large Volume Metrology Applications: part of the EMPIR funding framework, LaVA aims to develop a range of accurate and traceable measurement systems for use in Large Volume Metrology (LVM). In addition, the project aims to integrate these tools within a factory network and/or as a permanent part of a production system such as extensive machine tools, industrial robots, etc.
- **SHERLOCK** - The project aims to develop technologies for human-robot collaboration. In particular, the partners aim to combine artificial intelligence and cognitive systems for the development of exoskeletons that can improve the quality of workers and manual assembly operations that require both the high flexibility of human beings and a high dose of strength and physical endurance.

The results of these projects have significantly contributed to the definition of the Group's main lines of product development in the medium and long term.

Group economic and financial situation

Introduction

Alternative performance indicators

In this Report on Operations, in the consolidated financial statements of the Fidia Group and in the separate financial statements of the parent company Fidia S.p.A. for the years closed on 31 December 2021 and 31 December 2020, in addition to the conventional IFRS financial indicators, a number of alternative performance indicators have been provided to allow for a better assessment of the economic and financial trends.

Said indicators, which are also found in the Report on Operations of other periodic reports, do not replace in any way whatsoever the mandatory IFRS indicators.

The Group uses alternative performance indicators, such as:

- EBITDA ("Earnings before interest, tax and amortisation"), which is calculated by adding the item "Depreciation, amortisation and write-downs of fixed assets", the item "Accrued provisions" and the item "Non-recurring income/expenses" to "EBIT" resulting from the financial statements.
- EBIT (Earnings before interest and tax), operating income from ordinary business, which is obtained by adding any extraordinary cost items not falling under EBIT,
- EBT (Earnings before tax);
- Adjusted EBITDA, EBIT and EBT: with reference to the above figures, a table showing the impact of Adjustments on the periods 2021 and 2020 is provided below.

| €thousand | 31/12/2021 GAAP measures | Adjustments | 31/12/2021 Non-GAAP measures (adjusted) | 31/12/2020 GAAP measures | Adjustments | 31/12/2020 Non-GAAP measures (adjusted) |
|---|--------------------------------|-------------|--|--------------------------------|-------------|--|
| EBITDA | 418 | | 418 | (2,177) | | (2,177) |
| Accrued provisions | (65) | | (65) | (854) | | (854) |
| Depreciation/amortisation/write-downs of fixed assets | (1,933) | | (1,933) | (2,707) | | (2,707) |
| Non-recurring income/(expenses) | - | | - | - | | - |
| EBIT | (1,580) | | (1,580) | (5,738) | | (5,738) |
| Net finance income/(expense) | (364) | | (364) | (521) | | (521) |
| Profit/(Loss) on foreign exchange | (337) | | (337) | 215 | | 215 |
| EBT | (2,281) | | (2,281) | (6,044) | | (6,044) |

Other parameters mentioned:

- "Value of production", which is given by the algebraic addition of the items "Net revenues", "Other revenues and income", and "Changes in inventories of finished goods and work in progress";
- "Value added", which is the result of the algebraic addition of the items "Value of production", "Raw materials and consumables used", "Commissions, shipping and outsourced work" and "Other services and overheads".

For comments on the alternative performance indicators mentioned above, reference should be made to the paragraphs below.

Consolidation area

The companies comprised in the consolidation area are listed below:

| Name | Registered office | Percentage held by of the parent company at 31/12/2021 |
|---|-----------------------------------|--|
| Fidia S.p.A. (Parent Company) | San Mauro Torinese (Turin, Italy) | - |
| Fidia Co. | Rochester Hills (USA) | 100% |
| Fidia GmbH | Dreiech (Germany) | 100% |
| Fidia Iberica S.A. | Zamudio (Spain) | 99.993% |
| Fidia S.a.r.l. | Emerainville (France) | 100% |
| Beijing Fidial Machinery & Electronics Co., Ltd | Beijing (China) | 100% |
| Fidia do Brasil Ltda. | São Paulo (Brazil) | 99.75% |
| Shenyang Fidial NC&M Co., Ltd | Shenyang (China) | 51% |
| OOO Fidial | Moscow (Russia) | 100% |

It should also be noted that Fidial Sarl is 100% subsidiary of the parent company Fidial SpA (directly through its 93.19% interest and indirectly through its 6.81% interest held in Fidial GmbH, it too a 100% subsidiary).

GROUP FINANCIAL PERFORMANCE

| Reclassified consolidated statement of comprehensive income (€thousand) | 2021 | % | 2020 | % |
|--|----------------|---------------|----------|--------|
| Net revenue | 23,837 | 99.2% | 21,239 | 97.6% |
| Changes in inventories of finished goods and W.I.P. | (1,247) | -5.2% | (1,598) | -7.3% |
| Other revenues and income | 1,444 | 6.0% | 2,123 | 9.8% |
| Value of production | 24,034 | 100.0% | 21,765 | 100.0% |
| Raw materials and consumables | (7,061) | -29.4% | (5,956) | -27.4% |
| Commissions, transport and contractors | (1,401) | -5.8% | (1,341) | -6.2% |
| Other services and operating costs | (4,816) | -20.0% | (5,433) | -25.0% |
| Added value | 10,756 | 44.8% | 9,035 | 41.5% |
| Personnel expenses | (10,338) | -43.0% | (10,996) | -50.5% |
| EBITDA | 418 | 1.7% | (1,961) | -9.0% |
| Accrued provisions | (65) | -0.3% | (854) | -3.9% |
| Depreciation/amortisation/write-downs of fixed assets | (1,933) | -8.0% | (2,707) | -12.4% |
| Operating income from ordinary business | (1,580) | -6.6% | (5,522) | -25.4% |
| Non-recurring income/(expenses) | (976) | -4.1% | (216) | -1.0% |
| EBIT | (2,556) | -10.6% | (5,738) | -26.4% |
| Net finance expenses and revenue | (364) | -1.5% | (521) | -2.4% |
| Profit/(Loss) on foreign exchange | (337) | -1.4% | 215 | 1.0% |
| Earnings before tax (EBT) | (3,257) | -13.6% | (6,044) | -27.8% |
| Income taxes (current, paid and deferred) | (239) | -1.0% | 92 | 0.4% |
| Profit/(loss) of the period | (3,496) | -14.5% | (5,952) | -27.3% |
| - (Profit)/Loss of non-controlling interests | (294) | -1.2% | (244) | -1.1% |
| - Profit/(Loss) of Group | (3,202) | -13.3% | (5,708) | -26.2% |

The economic and financial data of the Group by sector are presented with a breakdown into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

With reference to the Service segment, the commercial data (new orders and order backlog) are not shown because they almost match with the revenues as the time to fulfil the intervention requests is very short.

The said trends are described in detail below.

Net revenue

The year 2021 ended with revenues up 12.2% from the previous year to €23,837 thousand compared to €21,239 thousand in 2020. This performance is the result of a common trend in the three business lines in which the Group operates. In the electronics - CNC - sector revenue performance compared to 2020 was up 12.2%; the high-speed milling systems - HSM - sector closed the year with an increase of €1.225 million (13.2%), while the after-sales - Service - sector improved by 11.4 percent.

The trend in revenues by line of business is illustrated more in detail in the following table:

| Revenues by line of business (€ thousand) | 2021 | % | 2020 | % | Change in % |
|---|--------|-------|--------|-------|-------------|
| Numerical controls, drives and software | 1,519 | 6.4% | 1,354 | 6.4% | 12.2% |
| High-speed milling systems | 11,935 | 50.1% | 10,710 | 50.4% | 13.2% |
| After-sales service | 10,383 | 43.5% | 9,175 | 43.2% | 11.4% |
| Grand total | 23,837 | 100% | 21,239 | 100% | 12.2% |

The revenue by geographical region is illustrated in the following tables:

| Net total sales (€thousand) | 2021 | % | 2020 | % | Change in % |
|-----------------------------|--------|-------|--------|-------|-------------|
| ITALY | 1,882 | 7.9% | 3,519 | 16.6% | -46.5% |
| EUROPE | 9,490 | 39.8% | 4,451 | 21.0% | 113.2% |
| ASIA | 5,764 | 24.2% | 5,079 | 23.9% | 13.5% |
| NORTH and SOUTH AMERICA | 6,694 | 28.1% | 8,190 | 38.6% | -18.3% |
| REST OF THE WORLD | 7 | 0.0% | 0 | 0.0% | |
| TOTAL | 23,837 | 100% | 21,239 | 100% | 12.2% |

Numerical controls and software

Revenues from the electronic sector (CNC) increased significantly compared to 2020 (12.2%), from €1,354 thousand in 2020 to €1,519 thousand in 2021.

High-speed milling systems

The high speed milling (HSM) systems sector reported an increase in revenues compared to 2020; revenue rose from €10,710 thousand in 2020 to €11,935 thousand in 2021 equal to a 13.2% increase.

At 31 December 2021, 15 milling systems had been shipped to and accepted by end customers, compared with 19 the previous year.

After-sales service

The Service Division comprises the revenues resulting from after-sales technical service, the sale of spare parts and scheduled maintenance contracts. The offer of a widespread and effective service network is deemed to be strategic for the Group's growth policies and is becoming an increasingly decisive element in guiding the investment decisions of potential customers.

In 2021, revenues amounted to €10,383 thousand, up 11.4% from €9,175 thousand in the previous year.

Commercial activity

The following tables show the trend in the order backlog and in the new orders in the two periods under consideration. The commercial data referring to the Service sector are not shown, as these coincide with revenue realised, given that the time to process any requests for intervention is extremely low.

| Total (€thousands) _ HSM+CNC | 2021 | 2020 | Change in % |
|------------------------------|----------|----------|-------------|
| Backlog orders at 01/01 | 15,947 | 16,556 | -3.7% |
| New orders | 11,343 | 11,455 | -1.0% |
| Net revenue | (13,454) | (12,064) | 11.5% |
| Backlog orders at 31/12 | 13,836 | 15,947 | -13.2% |

The 2021 period closed with an order backlog that decreased compared to the end of 2020 due to less new orders in the mechanical sector.

Other revenues and income

Other operating revenue in 2021 amounted to €1,444 thousand versus €2,123 thousand last year. Said item comprises revenues from ordinary business activities, but which are not sales of goods and services.

This item mainly includes:

- research grants received from the European Union and the MIUR (Italian Ministry of Education, University and Research) as part of funded research carried out by the parent company Fidia S.p.A. (€451 thousand at 31 December 2021; €335 thousand at 31 December 2020);
- capital gains from transfers (€28 thousand at 31 December 2021; €264 thousand at 31 December 2020);
- reabsorption of the provision for warranty and the like (€338 thousand at 31 December 2021; €937 thousand at 31 December 2020);
- damages from insurance companies, recovery of costs incurred, contingent assets, and others (€626 thousand at 31 December 2021; €682 thousand at 31 December 2020).

Value of production

At year-end, the value of production reached €24,034 thousand, up 10.42% compared to the year before (€21,765 thousand). This was due to an increase in revenues on sales (€2,598 thousand more than in 2020), partially offset by a smaller decrease in inventories of finished goods and work in progress (-€351 thousand compared to 2020) and a negative change in other revenues and income (-€679 thousand compared to 2020), mainly related to lower warranty costs due to the lower volume of business and contingent assets.

Other services and operating costs

This item, equal to €4,816 thousand, down 14.7% YOY (€5,433 thousand).

In detail, the items that contributed the most are:

- costs for repairs and interventions €893 thousand at 31 December 2021, compared with €466 thousand at 31 December 2020 (+€427 thousand);
- travel expenses incurred €722 thousand euros at 31 December 2021, compared with €994 thousand at 31 December 2020 (-€272 thousand);
- advertising and trade fair costs €2 thousand at 31 December 2021, compared with €9 thousand at 31 December 2020 (-€7 thousand);
- overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities and other expenses, €3,199 thousand at 31 December 2021, €3,964 thousand at 31 December 2020 (-€765 thousand, equal to 19.3%).

Added value

At year-end, value added amounted to €10,756 thousand versus €9,035 thousand the year before (equivalent to 44.8% of value of production in 2021 and 41.5% in 2020). The increase was due mostly to increased value of production.

Personnel

The following tables illustrate the trends in staffing and labour costs.

| Staffing | 2021 | 2020 | Abs. change | Change in % |
|------------------------------------|------|------|-------------|-------------|
| Executives | 9 | 11 | -2 | -18.2% |
| Office workers and middle managers | 170 | 218 | -48 | -22.0% |
| Workers | 38 | 42 | -4 | -9.5% |
| Total employees | 217 | 271 | -54 | -19.9% |
| Total mean No. of employees | 230 | 285 | -55 | -19.3% |

| Labour cost (€thousand) | 2021 | 2020 | Abs. change | Change in % |
|-------------------------|--------|--------|-------------|-------------|
| Labour cost | 10,338 | 10,996 | -658 | -5.98% |

Personnel expenses were down from the previous year (-5.98% equal to a reduction of about €658 thousand), and the average Group headcount was about 19.3% lower.

Please note that the COVID Emergency Ordinary Redundancy Benefits were extended for the first two quarters of the year 2021. As of July 2021, the Extraordinary Redundancy Benefits, as an exception pursuant to Decree Law 73/2021, the so-called Decreto Sostegni bis, was activated for the San Mauro and Forlì sites, following an agreement with trade union representatives. The use of these redundancy arrangements is in line with the cost containment actions taken by Management to cope with the current situation of reduced demand, including as a result of the pandemic.

EBITDA

EBITDA was equivalent to +€418 thousand (1.7% of value of production), up €2,379 thousand compared to the previous year (-€1,961 thousand, equal to -9.0% of value of production), mainly due to the increase in revenues.

Operating income from ordinary business

Operating income from ordinary business registered a loss of -€1,580 thousand, versus -€5,522 thousand at 31 December 2020.

Non-recurring income and charges

In 2021 there was non-recurring income and charges of -€976 thousand entirely due to the arrangement costs incurred. In 2020 they were not highlighted and thus reclassified but amounted to -€216 thousand.

EBIT

EBIT at 31 December 2021 amounted to -€2,556 thousand, while at 31 December 2020 it was -€5,738 thousand.

Finance expenses and revenue and net exchange rate gains/losses

Net financial expenses decreased compared to 2020 (net expenses of €364 thousand compared to €521 thousand last year).

Net differences in exchange rates, either realised or resulting from measurement in the financial statements, generated net revenue of €337 thousand versus net revenue of €215 thousand at 31 December 2020.

Earnings before tax (EBT)

EBT resulted in a loss of -€3,257 thousand versus a loss of -€6,044 thousand in 2020.

Income tax

Net balance for the period was mainly due to current, deferred and paid taxes totalling €239 thousand, which can be broken down as follows:

- IRAP (Italian Regional Production Tax) €0 thousand;
- IRES (Italian Corporate Income Tax) €0 thousand;
- Income tax of foreign subsidiaries €74 thousand;

- Paid and deferred taxes amounting to €172 thousand.
- Taxes for previous periods amounting to €7 thousand.

It should be noted that the parent company Fidia S.p.A. reported a tax loss for the year for both IRES and IRAP purposes.

Profit/(loss) of the period

The net result for the period was a loss of €3,496 thousand compared to a loss of €5,952 thousand in 2020.

Group consolidated statement of financial position

At 31 December 2021, the reclassified consolidated statement of financial position was as follows:

| Group statement of financial position (€thousand) | 31/12/2021 | 31/12/2020 |
|---|------------------|------------------|
| Net tangible assets | 10,027 | 11,226 |
| Intangible fixed assets | 1,569 | 1,972 |
| Non-current financial assets | 16 | 16 |
| Deferred tax assets | 1,235 | 1,013 |
| Other non-current assets | 206 | 49 |
| Capital assets – (A) | 13,054 | 14,276 |
| Net trade receivables from customers | 7,396 | 4,019 |
| Closing inventories | 12,823 | 13,725 |
| Other current assets | 1,933 | 1,650 |
| Short-term (current) assets – (B) | 22,152 | 19,394 |
| Trade payables to suppliers | (3,679) | (6,355) |
| Other current liabilities | (11,467) | (8,527) |
| Short-term (current) liabilities – (C) | (15,146) | (14,881) |
| Net working capital (D) = (B+C) | 7,006 | 4,513 |
| Termination benefits (E) | (2,188) | (2,114) |
| Other long-term liabilities (F) | (614) | (206) |
| Net invested capital (G) = (A+D+E+F) | 17,258 | 16,469 |
| Financial position | | |
| Available-for-sale financial assets | | |
| Cash on hand, bank deposits | (5,267) | (4,851) |
| Short-term loans | 7,354 | 7,285 |
| Assets/liabilities for current derivatives | - | - |
| Other current financial payables | - | - |
| Short-term financial position (receivable)/payable | 2,087 | 2,434 |
| Long-term loans, net of current portion | 6,450 | 7,279 |
| Assets/liabilities for long-term derivatives | 158 | 291 |
| Non-current trade and other payables | 10,300 | 5,740 |
| Net financial position (receivable)/payable (H) | (*)18,995 | (*)15,744 |
| Share capital | 5,123 | 5,123 |
| Provisions | (4,255) | 468 |
| Profit/(loss) of the period for Group | (3,202) | (5,708) |
| Total equity of Group | (2,333) | (117) |
| Total equity of non-controlling interests | 596 | 842 |
| Total shareholders' equity (I) | (1,737) | 725 |
| Equity and net financial position (L) = (H+I) | 17,258 | 16,469 |

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having effective date of application on 5 May 2021.

Compared to 31 December 2020, the Group statement of financial position registered the following changes:

- a decrease in non-current assets (from €14,276 thousand to €13,054 thousand) resulting from the decrease in capitalisation of assets with long-term utility, such as development costs, plus depreciation and amortization for the period and the write-down carried out on some development projects;
- a significant increase in trade receivables from customers (from €4,019 thousand to €7,396 thousand) mainly related to the increase in revenue. Trade receivables were posted net of depreciation provision in the amount of €1,255 thousand;

- the trend of decreasing and optimising the inventory level (from €13,725 thousand to €12,823 thousand) was confirmed. Inventories were posted net of provision for obsolete inventories in the amount of €3,992 thousand;
- an increase in other current assets (from €1,650 thousand to €1,933 thousand) mainly due to other current trade receivables and current social security receivables;
- decreased trade payables to suppliers (from €6,355 thousand to €3,679 thousand);
- an increase in Non-current trade and other payables (from €5,740 thousand to €10,300 thousand) due to frozen composition debts;
- an increase in other current liabilities (from €8,527 thousand euros to €11,467 thousand), mainly due to higher advance payments from customers;
- Increase in provisions for termination benefits (from €2,114 thousand to €2,188 thousand) due to normal dynamics related to personnel;
- an increase in other long-term liabilities (from €206 thousand to €614 thousand), mainly related to other deferred taxes.

At 31 December 2021, the net financial position was negative by €18,995 thousand, worsening compared to the previous year in relation to the freezing of debt positions following the filing with the Court of Ivrea of the motion for a "blank" arrangement with creditors pursuant to Article 161, paragraph 6, of the Bankruptcy Law on 13 November 2020, which was approved on 24 June 2022 by the Court of Ivrea.

The trend in the net financial position is illustrated below.

Trend in net financial position

| Financial Position (€thousand) | | 2021 | 2020 |
|--------------------------------|---|---------------|---------------|
| A | Cash | 5,267 | 4,851 |
| B | Cash equivalents | - | - |
| C | Current financial assets | - | - |
| D=A+B+C | Liquidity | 5,267 | 4,851 |
| E | Current financial debt | 4,414 | 4,581 |
| F | Current portion of non-current financial debt | 2,939 | 2,704 |
| G=E+F | Current financial indebtedness | 7,354 | 7,285 |
| H=G-D | Net current financial indebtedness | 2,087 | 2,434 |
| I | Non-current financial debt | 6,608 | 7,570 |
| J | Debt instruments | - | - |
| K | Non-current trade and other payables | 10,300 | 5,740 |
| L=I+J+K | Non-current financial indebtedness | 16,908 | 13,310 |
| M=H+L | Total financial indebtedness | 18,995 | 15,744 |

This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having effective date of application on 5 May 2021.

The detailed credit items of the net financial position are illustrated below.

| Cash on hand, bank deposits (€thousand) | 31/12/2021 | 31/12/2020 |
|---|-------------------|-------------------|
| Fidia S.p.A. | 1,970 | 1,373 |
| Fidia Co. | 1,347 | 1,539 |
| Fidia GmbH | 479 | 364 |
| Fidia Iberica S.A. | 175 | 201 |
| Fidia S.a.r.l. | 459 | 394 |
| Beijing Fidial Machinery & Electronics Co., Ltd | 695 | 744 |
| Fidia do Brasil Ltda. | 30 | 46 |
| Shenyang Fidial NC & M Co., Ltd | 111 | 191 |
| Total cash and cash equivalents | 5,267 | 4,851 |
| Financial payables (€thousand) | 31/12/2021 | 31/12/2020 |
| Short-term loans and advances | | |

| | | |
|---|-----------------|-----------------|
| Fidia S.p.A. | (6,700) | (6,470) |
| Fidia GmbH | (65) | (80) |
| Fidia Iberica S.A. | (38) | (52) |
| Fidia S.a.r.l. | (177) | (188) |
| Fidia do Brasil Ltda | (3) | (2) |
| Beijing Fidias Machinery & Electronics Co., Ltd | (370) | (491) |
| Total | (7,354) | (7,285) |
| Long-term loans, net of current portion | | |
| Fidia S.p.A. | (5,064) | (5,841) |
| Fidia GmbH | (130) | (195) |
| Fidia Iberica S.A. | (197) | (198) |
| Fidia S.a.r.l. | (12) | (18) |
| Fidia do Brasil Ltda | - | - |
| Fidia Co | (1,049) | (1,027) |
| Total | (6,450) | (7,279) |
| Assets/(liabilities) for long-term derivatives | | |
| Fidia S.p.A. | (158) | (291) |
| Total | (158) | (291) |
| Total financial payables | (13,962) | (14,855) |

A summary statement of cash flows is provided below to illustrate the flows that generated the net financial position. The exhaustive statement is provided among the Consolidated Financial Statements.

| Condensed consolidated statement of cash flows (€thousand) | 2021 | 2020 |
|---|---------|---------|
| A) Cash on hand and cash equivalents at beginning of year | 2,784 | 1,181 |
| B) Cash from (used in) operating activities during the period | 584 | 3,769 |
| C) Cash from/(used in) investing activities | (57) | (181) |
| C) Cash from/(used in) financing activities | (1,090) | (1,469) |
| Currency translation differences | 947 | (515) |
| E) Net change in cash and cash equivalents | 384 | 1,602 |
| F) Cash and cash equivalents at year end | 3,168 | 2,784 |
| Breakdown of cash and cash equivalents: | | |
| Cash and cash equivalents | 5,267 | 4,851 |
| Overdrawn bank accounts and short-term advances | (2,099) | (2,067) |
| | 3,168 | 2,784 |

In addition to the foregoing, the table below illustrates the main economic and financial indicators.

FINANCIAL RATIOS

INVESTMENT MIX RATIOS

| RATIOS | 31-Dec-21 | 31-Dec-20 |
|---|-----------------------------------|-----------------------------------|
| 1) Weight of fixed assets | | |
| $\frac{\text{Capital assets}}{\text{Total assets}}$ | $\frac{13,054}{40,473} = 32.25\%$ | $\frac{14,276}{38,521} = 37.06\%$ |
| 2) Weight of working capital | | |
| $\frac{\text{Current assets}}{\text{Total assets}}$ | $\frac{27,419}{40,473} = 67.75\%$ | $\frac{24,245}{38,521} = 62.94\%$ |

LOAN MIX RATIOS

| RATIOS | 31-Dec-21 | 31-Dec-20 |
|--|------------------------------------|-----------------------------------|
| 1) Weight of current liabilities | | |
| $\frac{\text{Current liabilities}}{\text{Total liabilities (except shareholders' equity)}}$ | $\frac{32,605}{42,210} = 77.24\%$ | $\frac{27,543}{37,796} = 72.87\%$ |
| 2) Weight of non-current liabilities | | |
| $\frac{\text{Consolidated liabilities}}{\text{Total liabilities (except shareholders' equity)}}$ | $\frac{9,605}{42,210} = 22.76\%$ | $\frac{10,253}{37,796} = 27.13\%$ |
| 3) Weight of own capital | | |
| $\frac{\text{Own capital}}{\text{Net invested capital}}$ | $\frac{-1,737}{17,258} = -10.06\%$ | $\frac{725}{16,469} = 4.40\%$ |

Some ratios for the year 2020 have changed due to the new ESMA reclassification of Net Financial Position.

The analysis of the invested capital mix indicators shows a prevalence of short-term net assets in the total assets. This result is basically consistent with that of previous years.

The loans mix indicator shows:

- a prevalence of short-term loans, which is consistent with the level of investing activities;
- hedging of the net invested capital with third-party resources.

FINANCIAL POSITION RATIOS

LIQUIDITY RATIOS

| TABLE OF CONTENTS | 31-Dec-21 | 31-Dec-20 |
|---|--------------------------------|--------------------------------|
| $\frac{\text{Current assets}}{\text{Current liabilities}} = 0.84$ | $\frac{27,419}{32,605} = 0.84$ | $\frac{24,245}{27,543} = 0.88$ |

CAPITAL ASSETS COVERAGE RATIO

| TABLE OF CONTENTS | 31-Dec-21 | 31-Dec-20 |
|--|---------------------------------|-----------------------------|
| $\frac{\text{Own capital}}{\text{Capital assets}} = -0.13$ | $\frac{-1,737}{13,054} = -0.13$ | $\frac{725}{14,276} = 0.05$ |

CASH RATIO

| TABLE OF CONTENTS | 31-Dec-21 | 31-Dec-20 |
|---|--------------------------------|--------------------------------|
| $\frac{\text{Short-term assets}}{\text{Short-term liabilities}} = 1.46$ | $\frac{22,152}{15,146} = 1.46$ | $\frac{19,394}{14,881} = 1.30$ |

Some ratios for the year 2020 have changed due to the new ESMA reclassification of Net Financial Position.

The analysis of financial indicators reflects a trend consistent with the general situation experienced by the company in 2021.

In particular, the deterioration in the liquidity ratio was affected by the general environment in which the company operated in 2021.

The capital assets coverage ratio shows full coverage of capital assets with borrowed funds, further accentuated in the period 2021.

Finally, the cash ratio shows a slight worsening, highlighting the downsizing of short-term assets relative to short-term liabilities in the period.

ECONOMIC POSITION RATIOS

ROE

| | 31-Dec-21 | | 31-Dec-20 | | | |
|--|-------------------------|---|-----------|-----------------------|---|-------|
| $\frac{\text{Net income pertaining to Group}}{\text{Equity of Group}}$ | $\frac{-3,202}{-2,333}$ | = | >100% | $\frac{-5,708}{-117}$ | = | >100% |

ROI

| | 31-Dec-21 | | 31-Dec-20 | | | |
|--|-------------------------|---|-----------|-------------------------|---|---------|
| $\frac{\text{Operating income from ordinary business}}{\text{Invested capital}}$ | $\frac{-1,580}{35,206}$ | = | -4.49% | $\frac{-5,738}{33,670}$ | = | -17.04% |

ROS

| | 31-Dec-21 | | 31-Dec-20 | | | |
|---|-------------------------|---|-----------|-------------------------|---|---------|
| $\frac{\text{Operating income from ordinary business}}{\text{Sales}}$ | $\frac{-1,580}{23,837}$ | = | -6.63% | $\frac{-5,738}{21,239}$ | = | -27.01% |

ROE, which measures return on equity, shows an unrepresentative result because in the period 2021 both operating income and equity attributable to the group were negative. The result of this ratio also shows a significant deterioration of the Group's equity, which, at the end of 2021, was negative by €2,333 thousand.

ROI, which measures profitability from operations, shows a negative value given the operating loss registered by the Group in 2021.

ROS, which represents average operating income per unit of revenue; in this case as well, the operating profit negatively affected the value of this ratio, which was negative.

Disclosure by line of business

Economic and financial trend by line of business

The following table shows the consolidated results broken down into the three traditional sectors in which the Group operates (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and exhibitions for the companies operating in all business lines.

Cross-sector revenues consist of numerical controls, switchboards and components and electromechanical systems transferred by the electronics sector to the milling systems sector and of the milling heads manufactured by the milling systems sector and transferred to the electronics sector for sale.

Consolidated statement of comprehensive income by sector

| Data by year - 2021 (€thousand) | CNC | % | HSM | % | SERVICE | % | N/A | Total |
|---|--------------|---------------|---------------|---------------|---------------|---------------|----------|---------------|
| Revenues | 1,519 | 67.7% | 11,935 | 98.9% | 10,383 | 99.3% | - | 23,837 |
| Cross-sector revenues | 724 | 32.3% | 136 | 1.1% | 78 | 0.7% | | 0 |
| Total reclassified revenues | 2,243 | 100.0% | 12,071 | 100.0% | 10,461 | 100.0% | - | 23,837 |
| Changes in inventories of finished goods and W.I.P. | 17 | 0.8% | (1,483) | -12.3% | 219 | 2.1% | 0 | (1,248) |
| Raw materials and consumables | 50 | 2.2% | (5,504) | -45.6% | (1,546) | -14.8% | (61) | (7,061) |
| Cross-sector expenses | (236) | -10.5% | (962) | -8.0% | 258 | 2.5% | 1 | 0 |
| Commissions, transport and contractors | (120) | -5.4% | (888) | -7.4% | (391) | -3.7% | (2) | (1,401) |
| Sales margin | 1,954 | 87.1% | 3,234 | 26.8% | 9,001 | 86.0% | (62) | 14,128 |
| Other operating revenue | 238 | 10.6% | 525 | 4.3% | 154 | 1.5% | 564 | 1,480 |
| Other operating costs | (89) | -4.0% | (583) | -4.8% | (1,599) | -15.3% | (3,439) | (5,710) |
| Personnel expenses | (1,085) | -48.4% | (3,593) | -29.8% | (3,878) | -37.1% | (1,834) | (10,389) |
| Depreciation, amortisation and write-downs | (394) | -17.6% | (624) | -5.2% | (147) | -1.4% | (899) | (2,065) |
| Operating profit/(loss) | 625 | 27.9% | (1,041) | -8.6% | 3,531 | 33.8% | (5,670) | (2,556) |

| Data by year - 2020 (€thousand) | CNC | | HSM | | SERVICE | | N/A | Total |
|---|-------|--------|---------|--------|---------|--------|---------|----------|
| Revenues | 1,353 | 70.2% | 10,710 | 100.0% | 9,175 | 99.2% | - | 21,239 |
| Cross-sector revenues | 574 | 29.8% | 0 | 0.0% | 71 | 0.8% | - | - |
| Total reclassified revenues | 1,928 | 100.0% | 10,710 | 100.0% | 9,246 | 100.0% | - | 21,239 |
| Changes in inventories of finished goods and W.I.P. | (215) | -11.2% | (1,088) | -10.2% | 295 | -3.2% | 0 | (1,597) |
| Raw materials and consumables | 67 | 3.5% | (5,007) | -46.8% | 951 | -10.3% | (65) | (5,956) |
| Cross-sector expenses | (50) | -2.6% | (848) | -7.9% | 251 | 2.7% | 3 | - |
| Commissions, transport and contractors | (101) | -5.2% | (941) | -8.8% | 295 | -3.2% | (4) | (1,341) |
| Sales margin | 1,629 | 84.5% | 2,826 | 26.4% | 7,956 | 86.1% | (66) | 12,345 |
| Other operating revenue | 305 | 15.8% | 877 | 8.2% | 597 | 6.5% | 345 | 2,123 |
| Other operating costs | (153) | -8.0% | (1,399) | -13.1% | 1,210 | -13.1% | (2,887) | (5,649) |
| Personnel expenses | (998) | -51.8% | (3,929) | -36.7% | 3,958 | -42.8% | (2,111) | (10,996) |
| Depreciation, amortisation and write-downs | (464) | -24.1% | (1,605) | -15.0% | 437 | -4.7% | (1,056) | (3,561) |
| Operating profit/(loss) | 318 | 16.5% | (3,231) | -30.2% | 2,950 | 31.9% | (5,774) | (5,738) |

The CNC sector, as already noted in the first part of this Report, closed 2021 with increased revenues compared to the previous year noting a percentage increase in the margin on sales, (from 84.5% in 2020 to 87.1% in 2021), confirming an increasing margin in absolute value (from €1,629 thousand in 2020 to €1,954 thousand in 2021). EBIT improved in absolute terms (from €318 thousand in 2020 to €625 thousand in 2021), especially due to the increase in revenues and cross-sector revenues, buoyed by improvements in other operating costs despite the increase in personnel expenses (from €998 thousand in 2020 to €1,085 thousand in 2021).

The high-speed milling systems (HSM) sector showed increased revenues (€11,935 thousand in 2021 versus €10,710 thousand in 2020). The margin on sales increased both in absolute terms and as a percentage of revenues (€3,234 thousand compared to €2,826 thousand in the previous year). Operating income improved strongly in 2021 both in absolute terms (-€1.041 thousand, compared to -€3,231 thousand in 2020) and in percentage terms, (-8.6% compared to -30.2% in 2020).

Finally, Service showed an increase in revenues (€10,383 thousand compared to €9,175 thousand in 2020), leading to an increase in the margin on sales in absolute terms (€9,001 thousand compared to €7,956 thousand in 2020) while remaining constant in percentage terms (86.0% in 2021, 86.1% in 2020). Operating income from ordinary business was higher than in 2020 (€3,531 thousand compared to €2,950 thousand in the previous year), and with the margin increasing from 31.9% in 2020 to 33.8% in 2021.

Consolidated Statement of Financial Position by sector

| 31 December 2021 (€thousand) | CNC | HSM | SERVICE | N/A | Total |
|--|--------------|---------------|--------------|---------------|---------------|
| Property, plant and equipment | 27 | 7,224 | 108 | 2,668 | 10,027 |
| Intangible fixed assets | 1,096 | 454 | - | 19 | 1,569 |
| Equity investments | - | - | - | 16 | 16 |
| Deferred tax assets | - | - | - | 1,235 | 1,235 |
| Other non-current receivables and assets | 8 | 11 | - | 188 | 206 |
| Total non-current assets | 1,132 | 7,689 | 108 | 4,127 | 13,054 |
| Inventory | 1,341 | 5,387 | 6,095 | - | 12,823 |
| Trade receivables and other receivables | 475 | 5,346 | 1,702 | 1,406 | 8,929 |
| Current taxes receivable | - | - | - | 400 | 400 |
| Other current financial assets | - | - | - | - | - |
| Cash and cash equivalents | - | - | - | 5,267 | 5,267 |
| Total current assets | 1,816 | 10,732 | 7,798 | 7,073 | 27,419 |
| Total assets | 2,948 | 18,421 | 7,905 | 11,200 | 40,473 |
| Other non-current payables and liabilities | 140 | 54 | 53 | 10 | 258 |
| Deferred tax liabilities | - | - | - | 521 | 521 |
| Termination benefits | 395 | 1,250 | 200 | 344 | 2,188 |
| Long-term provisions | - | - | 31 | - | 31 |
| Other non-current financial liabilities | - | - | - | 324 | 324 |
| Non-current financial liabilities | - | 4,313 | 12 | 1,959 | 6,284 |
| Total non-current liabilities | 535 | 5,618 | 295 | 3,157 | 9,605 |
| Current financial liabilities | 3 | 350 | 30 | 6,971 | 7,354 |
| Other current financial liabilities | - | - | - | - | - |
| Trade payables and other current payables | 1,072 | 13,031 | 1,339 | 8,019 | 23,462 |
| Current taxes payable | - | - | - | 1,107 | 1,107 |
| Short-term provisions | 2 | 172 | 349 | 159 | 683 |
| Total current liabilities | 1,077 | 13,553 | 1,718 | 16,256 | 32,605 |
| Total liabilities | 1,612 | 19,171 | 2,014 | 19,414 | 42,210 |
| Shareholders' equity | - | - | - | -1,737 | -1,737 |
| Total liabilities | 1,612 | 19,171 | 2,014 | 17,677 | 40,473 |

| 31 December 2020 (€thousand) | CNC | HSM | SERVICE | N/A | Total |
|--|--------------|---------------|--------------|---------------|---------------|
| Property, plant and equipment | 43 | 7,865 | 190 | 3,211 | 11,310 |
| Intangible fixed assets | 1,413 | 534 | - | 25 | 1,972 |
| Equity investments | - | - | - | 16 | 16 |
| Deferred tax assets | - | - | - | 929 | 929 |
| Other non-current receivables and assets | - | 2 | - | 48 | 49 |
| Total non-current assets | 1,456 | 8,401 | 190 | 4,230 | 14,276 |
| Inventory | 1,592 | 6,366 | 5,768 | - | 13,725 |
| Trade receivables and other receivables | 361 | 2,247 | 1,544 | 997 | 5,149 |
| Current taxes receivable | - | - | 1 | 519 | 520 |
| Other current financial assets | - | - | - | - | - |
| Cash and cash equivalents | - | - | - | 4,851 | 4,851 |
| Total current assets | 1,953 | 8,612 | 7,314 | 6,367 | 24,245 |
| Total assets | 3,408 | 17,014 | 7,504 | 10,596 | 38,521 |
| Other non-current payables and liabilities | 165 | 203 | 46 | 16 | 429 |
| Deferred tax liabilities | - | - | - | 84 | 84 |
| Termination benefits | 386 | 1,202 | 195 | 331 | 2,114 |
| Long-term provisions | - | 11 | 44 | - | 55 |
| Other non-current financial liabilities | - | - | - | 324 | 324 |
| Non-current financial liabilities | 12 | 4,590 | 33 | 2,611 | 7,246 |
| Total non-current liabilities | 563 | 6,006 | 318 | 3,366 | 10,253 |
| Current financial liabilities | 11 | 355 | 58 | 6,860 | 7,285 |
| Other current financial liabilities | - | - | - | - | - |
| Trade payables and other current payables | 974 | 10,502 | 1,228 | 6,012 | 18,716 |
| Current taxes payable | - | - | - | 867 | 867 |
| Short-term provisions | 2 | 273 | 308 | 92 | 675 |
| Total current liabilities | 987 | 11,131 | 1,594 | 13,831 | 27,543 |
| Total liabilities | 1,550 | 17,137 | 1,912 | 17,197 | 37,796 |
| Shareholders' equity | - | - | - | 725 | 725 |
| Total liabilities | 1,550 | 17,137 | 1,912 | 17,922 | 38,521 |

Corporate Governance

The Fidia Group complies with and applies the Self-Discipline Code for Italian listed companies in all its activities.

In compliance with the regulatory requirements of the Italian Stock Exchange and legislation (Article 123b of Italian Legislative Decree no. 58/1998 - Consolidated Law on Finance) the report on corporate governance and ownership structure is drawn up every year. The report is made available to the public on the occasion of the publication of the financial statements and can be found on the website:

www.fidia.it - www.fidia.com, section Investor Relations, subsection Corporate Governance.

Starting from the period 2011, the Report on Directors' Remuneration is also drawn up. This document too will be made available to the public on the aforementioned website, within the set time, i.e., twenty-one days before the date set for the General Shareholders' Meeting to approve the financial statements.

For the purpose of this Report on Operation, please be noted:

Management and Coordination

Fidia S.p.A. is not managed or coordinated by other companies or entities.

Subsidiaries conduct their business with complete management and operating autonomy.

Internal control system

The internal control and risk management system consists of various components of the organization chart and procedures, among which the Board of Directors, the Board of Statutory Auditors, the Control and Risks Committee, the General Manager, the controller, the internal audit function, the director in charge as per article 154-bis of the TUF (Consolidated Finance Act) and the Organization Model as per Italian Legislative Decree No. 231/2001 and works through a set of processes aimed to monitor, for instance, the efficiency of company operations, reliability of financial information, compliance with laws and regulations and the safeguard of company assets.

Alongside of the implementation of the Organization Model as per Italian Legislative Decree No. 231/2001, a Supervisory Board was appointed in order to ensure the required information flows. The Supervisory Board informs the Board of Directors of its activities through periodic reports and through the Control and Risks Committee and the Board of Auditors.

At the date of preparation of these financial statements, the Supervisory Board consists of 2 external members and a third member who is being replaced.

Certification pursuant to Article 2.6.2, paragraph 12, of the Rules of the Markets organized and managed by Borsa Italiana.

Fidia S.p.A. controls a number of companies established in countries outside the European Union who are of significant importance pursuant to Article 36 of Consob Regulation No. 16191/2007 as amended by Consob Resolution No. 18214/2012 concerning the regulation of the markets ("Regulation of Markets").

With reference to 31 December 2021, the regulatory provision regards three Group companies (Beijing Fidia M & E Co. Ltd. - China, Shenyang Fidia NC & Machine Company Ltd. - China; Fidia Co. - USA), that adequate procedures have been adopted to ensure compliance with said regulation and that the conditions as per the above-mentioned Article 36 subsist.

* * *

Interests held by members of administration and control bodies, general managers and executives with strategic responsibilities in office at 31 December 2021 are reported below.

| Name and last name | Company | No. shares held at 31/12/2020 | No. shares purchased in 2021 | No. shares sold in 2021 | No. shares held at 31/12/2021 |
|--------------------|-----------------------|-------------------------------|------------------------------|-------------------------|-------------------------------|
| Giuseppe Morfino | Fidia ordinary shares | 2,665,516 | 0 | 0 | 2,665,516 |

Non-financial statement

In compliance with the provisions of Article 2, paragraph 1, of Legislative Decree 254/2016, the company has not prepared a consolidated non-financial statement due to size limits (the number of employees during the year was less than five hundred) and has not adhered to it on a voluntary basis.

Inter-company and related parties transactions

Relations among the Group's companies are governed at market conditions, considering the nature of the goods and

services provided. These relations are basically of a commercial nature.

The Meeting of the Board of Directors on 11 November 2010 drew up and approved specific internal procedures called "Guidelines and rules of conduct on "extremely significant, atypical or unusual" transactions and with "related parties" ("Guidelines"). These procedures implement both the criteria of the Self-Discipline Code and the Regulation on related parties adopted by Consob Resolution No. 17221 of 12 March 2010 as amended by the following Consob Resolution No. 17389 of 23 June 2010.

These procedures can be found at the company website, www.fidia.com, under corporate governance in the Investor Relations section.

The manufacturing of milling systems, mechanical components and electrical systems is carried out entirely by Fidia S.p.A. following the mergers in previous periods.

The foreign subsidiaries of Fidia deal with the sales and service of the Group's products in the relevant markets and for this purpose they purchase these in general directly from the Parent Company. Inter-company sales relations are carried out based on transfer pricing applied in a continuous and uniform manner between companies. Supply relations are carried out based on normal market prices.

Supply relations are carried out based on normal market prices. With regard to the joint-venture Shenyang Fidia NC & M Co. Ltd., it manufactures and sells numerical controls and milling systems designed by Fidia for the Chinese market. The strategic components are purchased from the parent company Fidia S.p.A. at normal market conditions and the remaining parts from local suppliers.

The economic and financial relations in the period between the parent company Fidia S.p.A. and its subsidiaries and associates are illustrated in Note 31 of the Notes to the Financial Statements.

Information on related parties transactions whose definition was extended according to Accounting Standard IAS 24, as required by Consob Resolution of 28 July 2006, is illustrated in Note to the Consolidated Financial Statements and Note of the Financial Statements respectively.

Based on the information received from the Group companies, there were no atypical or unusual transactions as defined by Consob.

Under Article 7.2, item c) of the above-mentioned "Guidelines", it is hereby stated that in 2021 there were no transactions with related parties that can be defined as having "major relevance".

In 2021, Fidia S.p.A. signed no supply contract falling among ordinary contracts and concluded at arm's length exceeding the materiality threshold set out pursuant to Annex 3 of CONSOB Regulation 17221.

Economic and financial situation of the Parent Company Fidia S.p.A.

ECONOMIC TRENDS

The reclassified statement of comprehensive income is illustrated below:

| Economic trend (€thousand) | 2021 | % | 2020 | % |
|---|----------------|---------------|---------|--------|
| Net revenue | 14,471 | 99.6% | 11,639 | 90.1% |
| Changes in inventories of finished goods and Work in progress | (1,277) | -8.8% | (689) | -5.3% |
| Other revenues and income | 1,337 | 9.2% | 1,962 | 15.2% |
| Value of production | 14,531 | 100.0% | 12,912 | 100% |
| Raw materials and consumables | (5,146) | -35.4% | (4,657) | -36.1% |
| Commissions, transport and contractors | (834) | -5.7% | (683) | -5.3% |
| Other services and operating costs | (3,373) | -23.2% | (3,334) | -25.8% |
| Added value | 5,178 | 35.6% | 4,237 | 32.8% |
| Personnel expenses | (5,329) | -36.7% | (5,773) | -44.7% |
| EBITDA | (151) | -1.0% | (1,536) | -11.9% |
| Accrued provisions | (5) | 0.0% | (793) | -6.1% |
| Depreciation/amortisation/write-downs of fixed assets | (1,317) | -9.1% | (1,931) | -15.0% |
| Operating income from ordinary business | (1,473) | -10.1% | (4,260) | -33.0% |
| Non-recurring income/(expenses) | (976) | -6.7% | (216) | -1.7% |
| Impairment (losses)/reversals | - | - | (4,884) | -37.8% |
| EBIT | (2,448) | -16.8% | (9,360) | -72.5% |
| Net finance (expenses) and revenue | (302) | -2.1% | (383) | -3.0% |
| Profit/(Loss) on foreign exchange | (96) | -0.7% | 164 | 1.3% |
| Earnings before tax (EBT) | (2,846) | -19.6% | (9,580) | -74.2% |
| Income taxes (current, paid and deferred) | (12) | -0.1% | 7 | 0.1% |
| Net operating result | (2,858) | -19.7% | (9,573) | -74.1% |

The period 2021 closed with revenues up 24.33% from the previous year (€14,471 thousand compared to €11,639 thousand in 2020).

This performance is mostly attributable to the Service business sector, up 30.8%, while the CNC division recorded a negative performance of 5.9%; the HSM sector was up 18.5%.

As for the Group consolidated financial statements, the economic data of Fidia S.p.A are also presented broken down into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

With reference to the Service sector, data of a commercial nature relating to the order backlog and new orders are not shown, as these basically coincide with the turnover, given that the time to process any requests for intervention is extremely low.

The following tables illustrate the trends in revenues by line of business and geographical region.

| Line of business (€ thousand) | 2021 | % | 2020 | % | Change in % |
|---|--------|--------|--------|--------|-------------|
| Numerical controls, drives and software | 699 | 4.8% | 743 | 6.4% | -5.9% |
| High-speed milling systems | 9,188 | 63.5% | 7,027 | 60.4% | 18.5% |
| After-sales service | 4,584 | 31.7% | 3,869 | 33.2% | 30.8% |
| Grand total | 14,471 | 100.0% | 11,639 | 100.0% | 24.3% |

| Total revenues (€thousand) | 2021 | % | 2020 | % | Change in % |
|----------------------------|--------|--------|--------|--------|-------------|
| ITALY | 1,884 | 13.0% | 3,497 | 30.0% | -46.1% |
| EUROPE | 5,980 | 41.3% | 1,584 | 13.6% | 277.5% |
| ASIA | 3,608 | 24.9% | 2,262 | 19.4% | 59.5% |
| NORTH and SOUTH AMERICA | 2,992 | 20.7% | 4,296 | 36.9% | -30.4% |
| REST OF THE WORLD | 7 | 0.0% | 0 | 0.0% | |
| Total | 14,471 | 100.0% | 11,639 | 100.0% | 24.3% |

As noted above, total revenues of Fidia S.p.A. were up (24.3%) compared to the period 2020, as a result of the sales recorded by the HSM sector (18.5%) and the Service sector, which registered an increase of 30.8%. The CNC sector was down slightly from 2020 (-5.9%).

The following tables show the trend in the backlog orders and new orders.

| Total backlog orders (€thousand) | 2021 | 2020 | Change in % |
|----------------------------------|---------|---------|-------------|
| Backlog orders at 01/01 | 14,169 | 13,959 | 1.5% |
| New orders | 7,016 | 7,980 | -12.1% |
| Net revenue | (9,887) | (7,770) | 27.2% |
| Backlog orders at 31/12 | 11,298 | 14,169 | -20.3% |

The final order backlog at 31 December 2021 was lower by -20.3% compared to the previous year.

EBITDA was negative amounting to about -€151 thousand (-€1,536 thousand in 2020).

The operating income from ordinary business was also negative at €1,473 thousand compared to a negative result of €4.260 thousand at 31 December 2020.

EBIT was negative by €2,448 thousand (compared with -€9,360 thousand in the same period of 2020). The result was affected by €976 thousand in arrangement costs accrued, while in 2020 it was €216 thousand.

Financial management made an overall negative contribution to the income statement of Fidia S.p.A., determined mostly by the elimination of dividends distributed by some subsidiaries (€0 thousand; €118 thousand in 2020), together with net finance expenses (a total of €315 thousand in 2021 and €521 thousand in 2020). The foreign currency management generated losses of approximately €96 thousand (net profit of €164 thousand at 31 December 2020).

The net loss after taxes of €12 thousand amounted to €2,858 thousand versus a loss of €9,573 thousand at 31 December 2020.

The following tables shows the trend in average workforce and cost of labour.

| Staffing | 2021 | 2020 | Abs. change | Change % |
|------------------------------------|------|------|-------------|----------|
| Executives | 5 | 7 | -2 | -28.57% |
| Office workers and middle managers | 80 | 108 | -28 | -25.93% |
| Workers | 37 | 40 | -3 | -7.50% |
| Total employees | 122 | 155 | 33 | -21.29% |
| Total mean No. of employees | 132 | 167 | -35 | -20.95% |

| Labour cost (€thousand) | 2021 | 2020 | Abs. change | Change % |
|-------------------------|-------|-------|-------------|----------|
| | 5,329 | 5,773 | -445 | -7.70% |

Personnel expenses decreased overall by €445 thousand YOY (-7.70%) compared to an average decrease of 20.95% in staffing. However, during the year the staff decreased by 35 units, or 21.29%.

Due to higher revenue, the overall incidence of cost of labour in relation to the value of production decreased, from 44.7% in 2020 to 36.67% in the current period.

As noted above, the COVID Emergency Ordinary Redundancy Benefits were extended for the first two quarters of the year 2021. As of July 2021, the Extraordinary Redundancy Benefits, as an exception pursuant to Decree Law 73/2021, the so-called Decreto Sostegni bis, was activated for the San Mauro and Forlì sites, following an agreement with trade union representatives. The use of these redundancy arrangements is in line with the cost containment actions taken by Management to cope with the current situation of reduced demand, including as a result of the pandemic.

Statement of financial position

The reclassified statement of financial position was as follows:

| Statement of Financial Position (€thousand) | 31.12.2021 | 31.12.2020 |
|---|-------------------|-------------------|
| Net tangible assets | 8,153 | 9,019 |
| Intangible fixed assets | 1,558 | 1,962 |
| Non-current financial assets | 6,646 | 6,646 |
| Deferred tax assets | 409 | 434 |
| Other non-current assets | 197 | 40 |
| Capital assets – (A) | 16,963 | 18,102 |
| Net trade receivables from customers | 6,998 | 3,525 |
| Closing inventories | 8,131 | 9,178 |
| Other current assets | 2,753 | 2,506 |
| Short-term (current) assets – (B) | 17,881 | 15,209 |
| Trade payables to suppliers | (4,043) | (8,046) |
| Other current liabilities | (9,526) | (6,354) |
| Short-term (current) liabilities – (C) | (13,569) | (14,399) |
| Net working capital (D) = (B+C) | 4,312 | 810 |
| Termination benefits (E) | (2,188) | (2,113) |
| Other long-term liabilities (F) | - | - |
| Net invested capital (G) = (A+D+E+F) | 19,088 | 16,799 |
| Financial position | | |
| Available-for-sale financial assets | | |
| Cash on hand, bank deposits | (2,054) | (1,493) |
| Short-term loans | 8,895 | 8,523 |
| Assets/liabilities for current derivatives | - | - |
| Other current financial payables | - | - |
| Short-term financial position (receivable)/payable | 6,841 | 7,029 |
| Long-term loans, net of current portion | 5,064 | 5,841 |
| Assets/liabilities for long-term derivatives | 158 | 291 |
| Non-current trade and other payables | 15,530 | 9,325 |
| Net financial position (receivable)/payable (H) | (*) 27,593 | (*) 22,486 |
| Share capital | 5,123 | 5,123 |
| Provisions | (10,771) | (1,237) |
| Profit/(loss) of the period for Group | (2,858) | (9,574) |
| Total equity of Group | (8,505) | (5,688) |
| Equity and net financial position (L) = (H+I) | 19,088 | 16,799 |

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having effective date of application on 5 May 2021.

Compared to 31 December 2020, capital assets showed a decrease of €1.1 million, mainly due to the decrease in tangible assets by €866 thousand.

Net working capital was up mainly from 2020 due to the trend of receivables and payables driven by the increase in revenue and related costs, and the decrease in inventories. In addition, the balances at the end of 2021 are still affected by the admission to bankruptcy proceedings.

Medium-to-long-term liabilities registered a slight increase in the provisions for termination benefits linked to normal dynamics relating to staff management.

The foregoing resulted in a negative net financial position of €27,593 thousand at 31 December 2021, which was worse than the negative balance of €22,486 thousand at 31 December 2020.

The trend in the net financial position of Fidia S.p.A. reflects the same trend as that of the Group's net financial position, with the worsening compared to 31 December 2020 due to the increase in frozen debts, following the filing with the Court

of Ivrea of the motion for "blank" arrangement with creditors pursuant to Article 161, paragraph 6, of the Bankruptcy Law on 13 November 2020, which was approved on 24 June 2022 by the Court of Ivrea.

Trend in net financial position

| Financial Position (€thousand) | | 2021 | 2020 |
|--------------------------------|---|---------------|---------------|
| A | Cash | 1,970 | 1,373 |
| B | Cash equivalents | - | - |
| C | Current financial assets | 84 | 120 |
| D=A+B+C | Liquidity | 2,054 | 1,493 |
| E | Current financial debt | 5,956 | 5,819 |
| F | Current portion of non-current financial debt | 2,939 | 2,704 |
| G=E+F | Current financial indebtedness | 8,895 | 8,523 |
| H=G-D | Net current financial indebtedness | 6,841 | 7,029 |
| I | Non-current financial debt | 5,222 | 6,132 |
| J | Debt instruments | - | - |
| K | Non-current trade and other payables | 15,530 | 9,325 |
| L=I+J+K | Non-current financial indebtedness | 20,752 | 15,457 |
| M=H+L | Total financial indebtedness | 27,593 | 22,486 |

This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having effective date of application on 5 May 2021.

The complete statement of cash flows is illustrated below in the Accounting Schedules of the Notes. A short version is provided here.

| Short statement of cash flows (€ thousand) | 2021 | 2020 |
|---|---------|---------|
| A) Cash on hand and cash equivalents at beginning of year | (694) | (1,987) |
| B) Cash from (used in) operating activities during the period | 1,088 | 3,949 |
| C) Cash from/(used in) investing activities | (34) | (262) |
| C) Cash from/(used in) financing activities | (492) | (2,394) |
| E) Net change in cash and cash equivalents | 565 | 1,293 |
| F) Cash and cash equivalents at year end | (129) | (694) |
| Breakdown of cash and cash equivalents: | | |
| Cash and cash equivalents | 1,970 | 1,373 |
| Overdrawn bank accounts and short-term advances | (2,099) | (2,067) |
| | (129) | (694) |

Comparison of operating result and shareholders' equity of the Parent Company and equivalent values of the Group

According to Consob Notice of 28 July 2006, the comparison between the operating result of year 2021 and the shareholders' equity at 31 December 2021 of the Group (share pertaining to the Group) with the equivalent values of the parent company Fidia S.p.A. is provided.

| Comparison of operating result and shareholders' equity of the Parent Company and Group (€ thousand) | Shareholders' equity 31.12.2020 | Changes in Shareholders' equity 2021 | Result 31.12.2021 | Shareholders' equity 31.12.2021 |
|--|------------------------------------|--|----------------------|------------------------------------|
| Financial Statements of Fidia S.p.A. | (5,688) | 41 | (2,858) | (8,505) |
| Consolidation adjustments | | | | |
| * Elimination of carrying amount of investments | 5,646 | 1,035 | (390) | 6,291 |
| * Transactions between consolidated companies | (151) | - | 46 | (106) |
| * Foreign exchange gains/(loss) on inter-company transactions | 77 | (89) | 0 | (12) |
| Consolidated financial statements of Group (share pertaining to Group) | (117) | 987 | (3,202) | (2,333) |

Trends in Group Companies

A brief overview of the performance of the Group companies during the period is provided below. For the sake of clarity of the general overview of the companies, the amounts are expressed in thousands of euros. The mean exchange rates of the currency of origin in the periods of reference were applied for the non-European subsidiaries. Data refers to the financial statements drawn up according to international accounting standards ("IFRS").

Fidia GmbH

Revenue in 2021 amounted to €5,263 thousand, up from €2,687 thousand in the previous year (95.87%); the period 2021 ended with a net profit of €311 thousand, compared with a loss of €61 thousand in 2020. The workforce was stable at 17 employees.

Fidia Iberica S.A.

The revenue for 2021 amounted to €1,110 thousand, up from €824 thousand the previous year (+34.71%). The period 2021 closed with a loss of €51 thousand versus a net profit of €100 thousand in 2020. The workforce was stable at 9 employees.

Fidia S.a.r.l.

The revenue for 2021 amounted to €863 thousand, up from €500 thousand the previous year (+72.6%). The period closed with a profit of €26 thousand versus a loss of €118 thousand in 2020. Staff was down and amounted to 5 employees.

000 Fidia

The company did not actually carry out any business activities during the year 2021 as it was not operational.

Fidia Co.

Revenue in 2021 amounted to €6,415 thousand (USD 7,587 thousand) down from €6,664 thousand (USD 7,612 thousand) the previous year (-3.74%). Net profit amounted to €76 thousand (USD 90 thousand) compared with a loss of €207 thousand (USD 236 thousand) in the previous year. Staff was down and amounted to 15 employees at 31 December 2021.

Beijing Fidia Machinery & Electronics Co. Ltd.

Revenue in 2021 amounted to €3,077 thousand (23.5 million RMB), down from €3,596 thousand (28.4 million RMB) in the previous year (-14.43%). Net loss amounted to €416 thousand versus a loss of €166 thousand the year before. The workforce was stable at 28 employees.

Shenyang Fidia NC&M Co. Ltd.

Revenue in 2021 amounted to €57 thousand (435 million RMB) versus €1,258 thousand (9.9 million RMB) in 2020; the period closed with a loss of €600 thousand versus a net loss of €496 thousand in 2020. Staff decreased from 32 units at 31 December 2020 to 18 units at 31 December 2021.

Fidia do Brasil Ltda

Revenue in 2021 amounted to €323 thousand (2,060 thousand real) over €1,010 thousand (5,953 thousand real) the previous year. The year 2021 closed with a loss of €44 thousand compared to a loss of €184 thousand in 2020. Staff decreased from 6 units at 31 December 2020 to 3 units at 31 December 2021.

Affiliated companies

Prometec Consortium

Shareholders' equity at 31 December 2021 amounted to €10 thousand (interest of Fidia S.p.A.: 20%).

Significant events after year end and business outlook

The Group closed the year with a net loss of €3.5 million related to third parties for €0.3 million, mainly due to the operating loss of €2.6 million, related to the reduction in new orders, as a result of general tension in some markets in which the Group operates and which have slowed down investment demand. In terms of net financial indebtedness, there was an improvement compared to 31 December 2020, standing at €8.7 million at 31 December 2021, as a result of the standstill agreement signed with lenders at the beginning of April 2020 and extended until the end of the period, which involved the suspension of the repayment of the principal amounts of the related loans. This agreement was superseded by the Arrangement Procedure, which kept the suspension of repayment intact.

In particular, the Covid-19 health emergency continued to have a direct impact on the smooth running of Fidia's business.

The Fidia crisis

The Company's economic and financial crisis, which broke out in the year 2020, forced the Company to initiate the arrangement procedure that took place on 13 November 2020.

In the year 2021, despite the ongoing Covid-19 pandemic and the resulting difficulties and freeze in markets, the Company managed not to worsen the economic and commercial performance, substantially holding ground in terms of sales and pursuing a careful cost-cutting policy. During 2021, the Company monitored its business and financial activities on a monthly basis with periodic reporting to the Board of Directors and the court-appointed commissioner. In addition, it carried out an important activity in collaboration with the professionals in charge of drafting the Arrangement Plan, especially, in order to obtain the ruling approving the arrangement, which was handed down by the Court of Ivrea on 22 June 2022.

The reasons for the economic and financial crisis of Fidia, and consequently of the related Group, appear to be attributable mainly to the spread of the Covid -19 pandemic and its impact on the markets in which the Group operates stably. The pandemic difficulties thus added to the crisis that had already affected the automotive and aerospace sectors in 2019.

The latter sector was hard hit by the China-U.S. trade war starting as early as May 2019, which effectively blocked the Chinese market, which is particularly important to the Company.

The Covid-19 health emergency

The outbreak of Covid-19 unfolded in China starting in the second half of January 2020, then expanded to a global scale during February and significantly hit Italy. This epidemic was declared a pandemic by the World Health Organization on 11 March 2020. In addition to the already known health effects, macroeconomic uncertainty had negative effects on the company's economic performance.

In terms of the economic and financial effects related to Covid-19, the Company also experienced the actual negative effects resulting from the pandemic in the year 2021.

Actions taken by the Company to tackle the Group crisis

In 2021, the Company continued the operational and related activities of the Arrangement Plan, already undertaken since 2019 and referred to here in full.

In order to preserve the economic and financial balance, during 2019 and 2020, Fidia's Management initiated, on the one hand, a series of specific actions to reduce and contain costs, including the activation of the solidarity contract for the San Mauro Torinese site (as of 2 September 2019) and for the Forlì site (as of 2 January 2020), and on the other hand, a series of operational actions set out in specific business plans, also one very close to the other.

Specifically, prior to the initiation of the arrangement in continuity, the BoD took the following actions:

- approval of a (first) business plan for periods 2020-2022 (of which 2020 was the budget year) with a forecast of recovering operating profitability as early as 2020 and recovery of the order backlog and revenues for the next two years, also based on forecasts of dynamics in the target market issued by trade associations;
- filing of an application in March 2020 for standstill with major lending institutions, later granted, aimed at maintaining short-term credit lines and a moratorium in the payment of principal instalments due on medium- to long-term loans until 31 July 2020 (later extended in July 2020 until the end of the year);
- preparation of a new business plan with the support of an external Advisor for fiscal years 2020-2024 in order to reflect the effects of Covid-19 in the forecasts.

As illustrated above, the actual losses as at 31 March 2020, together with the losses accrued in previous years - as reflected in the economic and financial situation as at 31 March 2020, the draft of which was approved by the Board of Directors on 29 June 2020, resulted in an overall loss exceeding one third of the share capital, making the provisions of Article 2446 of the Italian Civil Code applicable. On 31 July 2020, the shareholders' meeting - convened for this purpose "without delay" - passed a resolution (together with the approval of the financial and economic situation as at March 31, 2020) to carry forward losses pursuant to and in accordance with Article 6 of Decree Law 23/2020, converted into Law 40/2020.

With regard to the trend in Fidia's net equity for the period under consideration, due to the loss recorded in the first half of

the year, as at 30 June 2020, there was still an overall loss of more than one-third of the share capital (referring to the statement of financial position of Fidia S.p.A. prepared as part of the consolidated half-year financial report).

In the light of the situation that had arisen - aggravated by the effects of the Covid-19 pandemic - the BoD took action "without delay" - pursuant also to the requirements of Article 2086, paragraph 2, of the Italian Civil Code - "for the adoption and implementation of one of the tools provided by the law for overcoming the crisis and the recovery of going concern," identified in the arrangement with reserve, functional to the filing of a plan and a proposal for an arrangement with direct business continuity pursuant to Article 186 bis of the Bankruptcy Law. This decision was considered the most appropriate, in light of the state of crisis of the Company, to ensure the protection, even partial, of the rights of creditors and the continuation of operations.

Fidia's Arrangement Procedure

In light of the foregoing, with a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, or of the application for approval of a debt restructuring agreement, pursuant to Article 182bis, first paragraph, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

By a decree communicated on 1 December 2020, the Court of Ivrea admitted the Company to arrangement with creditors with rights reserved to file ancillary documents at a later date, giving a deadline until 31 March 2021 for the filing of a final proposal for arrangement with creditors (with the plan and complete documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law) or an application for approval of debt restructuring agreements under Article 182bis of the Bankruptcy Law.

During the period of the reservation phase of the Procedure, in compliance with the provisions of the opening decree of 1 December 2020, the Company filed periodic information memoranda, accompanied with the relevant updated financial statements, meeting all the required deadlines.

Following Fidia's motion, in line with the favourable opinion issued by the court-appointed commissioner, the Court granted the extension pursuant to Article 161, paragraph 6, of the Bankruptcy Law, thus postponing the deadline for filing the plan and the proposal of arrangement by an additional 60 days to 31 May 2021.

Upon an additional motion and upon finding concrete and justified reasons pursuant to the Covid-19 emergency regulations under Decree Law No. 23/2020, the Court further postponed the deadline for filing the Arrangement Plan and Proposal to 29 September 2021, ordering that the Company file, as it did, the relevant periodic disclosures by 31 July, 30 August and 15 September 2021.

It is necessary here, to confirm that since the start of arrangement the Company has been conducting its business activities in terms of ordinary management in accordance with its corporate purpose and as a going concern, in order to preserve the value of its assets and, with them, the possibility of better satisfying creditors. At the same time, Fidia started a complex process of searching the market for possible third-party investors who would be interested in supporting the company's continuity and, with it, the successful outcome of the current arrangement procedure.

At the end of this search, the Company identified Futuro all'Impresa S.r.l., supported by the financial entity Negma Group Limited, as partners willing to support restructuring under this arrangement procedure and subject to the finality of the approval decree.

In light of the above and in accordance with Article 161, paragraph 3, of the Bankruptcy Law, the Company then filed the Plan and the Proposal for Arrangement, together with all the documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law, within the terms set by the Court.

More specifically:

- the Plan provided for the analytical description of the manner and timing of fulfilling the Proposal, as required by Article 161, paragraph 2, letter e), of the Bankruptcy Law and thus direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law;

The Arrangement Proposal provides for a comprehensive financial and capital consolidation operation to be implemented, in short, through the continuation of the Company's business activity, aimed at ensuring its continuation as a going concern. This capital and financial consolidation operation is covered by the irrevocable and guaranteed commitment of the Investors, contained in the offer and Investment Agreement agreed upon and submitted to the Company. In detail, the offer includes:

(i) establishment by FAI of a limited liability company based in Italy, with a share capital of €100,000 and managed by Mr. Enrico Scio. This company was incorporated on 13 April 2022 under the name FAI Bidco Uno S.r.l. ("FAI Bidco Uno");

(ii) an increase in the share capital of FAI Bidco Uno in the amount of €4,132,413 ("Aucap Fai Bidco Uno S.r.l."), within 30 days of the approval of the Arrangement Plan, to be carried out only if fully subscribed and in two tranches:

- the first, totalling €2,132,413 (of which €80,000 was nominal and €2,052,413 was share premium), subscribed and paid for by Mr. Morfino, in kind, through the contribution of all the shares held by him in Fidia's share capital;

- the second, in the amount of €2,000,000 (including €220,000 in nominal amount and €1,780,000 as premium), subscribed and paid in cash by Negma;

(iii) the issuance of a convertible bond cum warrant by Fidia in the total amount of €10,000,000, to be issued in one or more tranches, excluding option rights ("POC"), which Negma has committed to subscribe and pay in full.

Specifically, having taken note of the postponement of the date of the Company's capital increase, on 21 October 2022 Negma confirmed its willingness to continue with the investment, now scheduled for 18 November 2022, and declared its readiness to carry out the capital increase in Fai Bidco Uno S.r.l. by the same date, subject to the Company carrying out all the steps deemed necessary to proceed with the capital increase in Fidia S.p.A. within the timeframe indicated above.

(iv) the execution of an overall capital increase with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:

a. €2,000,000, to be reserved for subscription in cash by FAI Bidco Uno ("Reserved Capital Increase");

b. €10,000,000 to be allocated for the conversion of the POC subscribed by Negma (the "POC Capital Increase");

c. €2,000,000 to service the possible exercise of warrants.

Thus, the Arrangement Plan provides, in addition to the full payment of procedural costs and claims as a preferential creditor:

- payment in full of general preferential claims (other than the exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law);
- the division of ab-initio unsecured creditors divided into two classes, which provide:
 - Class 1: unsecured claims and exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law, which will be satisfied in the guaranteed amount of 10.15% by 29 February 2024;
 - Class 2: unsecured receivables that - in addition to the guaranteed amount of 10.15% by 29 February 2024 - will be satisfied by the additional assets resulting from the execution of the commitment guaranteed by Mr. Morfino, thus increasing - as a result of the contribution of third-party resources other than the company's assets - the related satisfaction.

Following the filing of the Plan and Proposal for Arrangement and the filing of additional clarifications requested by the Court, by order dated 29 November 2021, Fidia's arrangement procedure was opened, setting the meeting for 27 April 2022.

On 11 March 2022, the court-appointed commissioner filed the Report pursuant to article 172 of the Bankruptcy Law in which, as a result of the analyses, findings and assessments carried out, he found that the Arrangement Proposal allowed for a better and faster satisfaction of the creditors, compared to the only practically feasible alternative, i.e., bankruptcy. In addition, in his Report pursuant to Article 172 of the Bankruptcy Law the court-appointed commissioner requested that the Company be able to proceed with the approval of the financial statements 2021 no later than the hearing for the approval of the arrangement procedure.

On 27 April 2022, a meeting of creditors was held at which sufficient affirmative votes were cast to secure a majority of affirmative votes in Class 2, but not in Class 1.

On 19 May 2022, the court-appointed commissioner submitted the final statement of the acceptances received within the 20-day period following the meeting, confirming that the majorities (in all classes) required by Article 177 of the Bankruptcy Law for approval of the proceedings had been achieved.

On 22 June 2022, the Court of Ivrea issued the order approving the arrangement as a going concern and then ordered the Company to carry out the fulfilments of the arrangement plan filed at the time and thus the fulfilment of the provisions contained in the same plan and the planned capital increase transactions. Pursuant to Article 186 of the Bankruptcy Law, the court-appointed commissioner will supervise its fulfilment in the manner set forth in the approval ruling, reporting to the court any fact that may prejudice creditors.

As a result of the discussions between the Company and the Investors following the approval of arrangement, the parties agreed to increase the total amount of the Capital Increase, from €14,000,000 to €22,000,000, specifically providing for an increase in the Capital Increase to service the possible exercise of the warrants from €2,000,000 to €10,000,000, as resolved by the Company's Board of Directors, which on 6 October 2022 approved the Directors' Explanatory Report prepared in accordance with Article 2441, paragraph 6, of the Italian Civil Code, by which it submitted the relevant capital increase proposals (the "Capital Increase Proposals") to the Company's Extraordinary Shareholders' Meeting, convened on 18 November 2022 (see page 5).

However, as of today's date, the capital increase of Fai Bidco Uno S.r.l. has not yet been subscribed and paid within the

terms stipulated in the Arrangement Plan, and consequently Negma and Mr. Morfino agreed on a different timeline for its completion, which as of today is scheduled for 18 November 2022. The court-appointed judicial commissioner was informed of this change, and he invited the parties to proceed, without further delay, with the necessary steps to execute the capital increase of Fai Bidco Uno S.r.l. on 18 November 2022 so as to provide the Company with the consequent financial resources no later than 21 November 2022.

In light of the above, it can be reasonably ruled out that judicial measures will be taken to interrupt the course of action initiated before 21 November 2022.

Moreover, postponement, mainly due to the multiple obligations necessary in order to complete the transaction, is not considered by the directors, also based on the opinion of their lawyers, to be an obstacle to the successful completion of the transaction.

Going concern assumption

As explained above, on 6 October 2022, Fidia's Board of Directors resolved on the Capital Increase Proposals to be submitted for approval to Fidia's Shareholders' Meeting scheduled for 18 November 2022, which are instrumental and preparatory to the implementation of the Arrangement Proposal.

The Arrangement Plan process is still in the execution phase and, in particular, as of the date of preparation of these financial statements, the capital increase of Fai Bidco Uno S.r.l., preparatory to the Capital Increase reserved for Fai Bidco Uno of €2 million, which according to the Arrangement Proposal should have been executed within 30 days of the approval of the Arrangement Plan on 22 June 2022, has not yet been executed. As a result of the following discussions between the parties, as of today the Bidco capital increase is scheduled for 18 November 2022, and both Mr. Morfino and Negma have confirmed their intention to follow up on this capital increase, also taking into account Negma's commitment dated 21 October 2022 mentioned above.

For the purpose of executing Fidia's capital increases, the agreement governing the issuance of the Bonds and Warrants (the "Agreement"), to which the POC Regulations (the "POC Regulations") and the Warrant Regulations are attached, was also signed. This Agreement as at the date of preparation of the draft financial statements has not yet been signed, but it is expected to be finalised according to timelines consistent with the resolution of the shareholders' meeting regarding the Proposed Capital Increase.

Given that the steps required to implement the Arrangement Proposal have not yet been completed, in the opinion of the directors, there is significant uncertainty that may cast significant doubt on the ability of Fidia and the Group to continue operating on a going concern basis. Moreover, this uncertainty is associated with the risk of failure to finalise the forecasts contained in the arrangement plan that have not yet been completed to date, including the planned capital increases, which are necessary in order to provide the Company and the Group with the necessary resources to finance the expected financial requirements.

Nonetheless, taking into account Negma's confirmation of its commitment to pay the capital increase Bidco pertaining to it by providing this company with the necessary resources to carry out the Reserved Capital Increase of €2 million and the expected approval by the Extraordinary Shareholders' Meeting convened for 18 November 2022 of the Proposed Capital Increases and the consequent execution of these capital increases and issuance of the POC, to the extent necessary to cover the financial needs of the Company and the Group over the foreseeable future, and having carried out the necessary assessments, the Directors believe that the process of the arrangement plan can reasonably be completed.

In addition, with reference to the short-term cash needs (next 12 months) of the Company and Group, based on the flows processed for the period from September 2022 to August 2023, the Directors are confident that upon successful completion of the planned capital increases, there will be no financial shortfall for the Company and the Group.

Based on these assumptions, therefore, the Directors consider it appropriate to use the going concern assumption for the preparation of the annual and consolidated financial statements for the period ending 31 December 2021, including the following:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- the approval of the Arrangement Plan by the competent court took place on 22 June 2022;
- the business plan prepared by the Company for the period 2021-2025 envisages a recovery of volumes and profitability with related benefits on cash flows;
- the Report pursuant to Article 172 of the Bankruptcy Law assessed positively the main assumptions underlying the business plan of the Company's restructuring path and thus the prospect of continuity, an inseparable element of the Arrangement Plan submitted by the Company;
- the investment offer and the related Investment Agreement signed by the investors for the injection of new funding through the execution of a capital increase and the subscription of the convertible bond (for a total injection of €12,000,000, of which €4,000,000 is earmarked for the implementation of the business plan and the efficiency of business continuity) is still valid and effective, as well as validly guaranteed by the updated set of guarantees both at the meeting of creditors by the investors and in the following months;
- in the year 2020, and in particular while the debt-relief plan application was pending, the Company continued its business operations in terms of ordinary management with the overriding goal of preserving its ability to continue

as a going concern. In particular, downstream of this period, Fidia represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;

- in the years 2021 and 2022, the Company recorded an improvement in general economic and financial trends, a turnaround from the period 2016-2019, partly due to the still partial implementation of the business plan underlying the restructuring path, which will be fully implemented only after the capital increase has taken place.

The benefits expected in the Arrangement Plan relating both to the ordinary operation of the business and to the equity and financial effects related to the execution of the Plan, in connection with the write-off of debts and the planned capital increases, are expected to restore financial stability and ensure the coverage of the financial obligations of the Company and the Group for a time horizon of at least 12 months from the date of approval of these financial statements.

Based on the net result of the period 2021, the parent Fidia S.p.A, recorded a negative equity of €8,505 thousand. In relation to the provisions in the Civil Code for this case, the Directors shall take appropriate action at the shareholders' meeting convened to approve the financial statements for the year ending 31 December 2021. The Directors also believe that, based on the benefits already shown today as a result of the approval of the composition agreement with the write-off of debts admitted to the bankruptcy proceedings, these losses will be immediately and fully reabsorbed with restoration of a balanced equity.

Foreseeable impacts on management resulting from the Russia-Ukraine conflict

As is well known in February 2022, tensions between Russia and Ukraine escalated into a war conflict resulting in a situation that disrupted normal business operations.

The Fidia Group is present in Russia with a subsidiary that is, however, non-operational and the Russian market is not a significant outlet for the Group.

Given the changing scenario, the Group closely monitors developments in the situation and any implications for business. There are currently no indications of significant financial economic consequences for the Group.

There are no other significant events that occurred after the end of the period that impact or require disclosure in the Annual Financial Report at 31 December 2021

San Mauro Torinese, 27 October 2022

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino





Fidia Group
Consolidated Financial Statements at 31
December 2021

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Consolidated Income Statement (*)

| €thousand | Notes | FY2021 | FY2020 |
|---|--------------|----------------|----------------|
| - Net sales | 1 | 23,837 | 21,239 |
| - Other revenues and income | 2 | 1,444 | 2,123 |
| - Total revenues | | 25,281 | 23,363 |
| - Changes in inventories of finished goods and work in progress | | (1,247) | (1,598) |
| - Consumption of raw materials | 3 | (7,061) | (5,956) |
| - Personnel expenses | 4 | (10,338) | (10,996) |
| - Other operating costs | 5 | (7,193) | (6,990) |
| - Depreciation, amortisation and write-downs | 6 | (1,998) | (3,561) |
| - Profit/(loss) from ordinary business | | (2,556) | (5,738) |
| - Non-recurring income/(expenses) | 7 | - | - |
| - Operating profit/(loss) | | (2,556) | (5,738) |
| - Finance revenue (expenses) | 8 | (702) | (306) |
| - Profit/(loss) before tax | | (3,258) | (6,044) |
| - Income tax | 9 | (238) | 92 |
| - Profit/(loss) for continuing operations | | (3,496) | (5,952) |
| - Profit/(loss) for discontinued operations | | - | - |
| - Profit/(loss) for the period | | (3,496) | (5,952) |
| Profit/(loss) due to: | | | |
| Shareholders of the parent company | | (3,202) | (5,708) |
| Non-controlling interests | | (294) | (244) |
| EUR | Notes | FY2021 | FY2020 |
| Basic earnings per ordinary share | 10 | (0.626) | (1.116) |
| Diluted earnings per ordinary share | 10 | (0.626) | (1.116) |

(*) According to Consob Resolution No. 15519 of July 27, 2006, the effects of related parties transactions on the Consolidated Statement of Comprehensive Income are posted in the relevant Statement of Comprehensive Income Schedule illustrated below and are further defined in Note No. 31.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Consolidated Comprehensive Income Statement

| €thousand | Notes | FY2021 | FY2020 |
|--|-------|----------------|----------------|
| Profit/(Loss) for the period (A) | | (3,496) | (5,952) |
| Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss: | | | |
| Profit/(loss) on cash flow hedges | 19 | 133 | (61) |
| Profit/(loss) on translation of financial statements of foreign companies | 19 | 1,083 | (661) |
| Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss | 19 | (32) | 14 |
| Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1) | | 1,184 | (708) |
| Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss: | | | |
| Actuarial gains/(losses) on defined benefit plans | 19 | (79) | (40) |
| Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss | 19 | 19 | 10 |
| Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2) | | (60) | (30) |
| Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2) | | 1,124 | (738) |
| Total comprehensive profit/(loss) of the period (A)+(B) | | (2,372) | (6,690) |
| Total comprehensive profit/(loss) due to: | | | |
| Shareholders of the parent company | | (2,126) | (6,430) |
| Non-controlling interests | | (246) | (260) |

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Consolidated balance sheet (*)

| €thousand | Notes | 31 December 2021 | 31 December 2020 |
|---|-----------|------------------|------------------|
| ASSETS | | | |
| - Property, plant and equipment | 11 | 10,027 | 11,226 |
| - Intangible assets | 12 | 1,569 | 1,972 |
| - Equity Investments | 13 | 16 | 16 |
| - Other non-current receivables and assets | 14 | 206 | 49 |
| - Pre-paid tax assets | 9 | 1,236 | 1,013 |
| TOTAL NON-CURRENT ASSETS | | 13,054 | 14,276 |
| - Inventory | 15 | 12,823 | 13,725 |
| - Trade receivables | 16 | 7,395 | 4,019 |
| - Current tax receivables | 17 | 400 | 375 |
| - Other current receivables and assets | 17 | 1,533 | 1,275 |
| - Cash and cash equivalents | 18 | 5,267 | 4,851 |
| TOTAL CURRENT ASSETS | | 27,419 | 24,245 |
| TOTAL ASSETS | | 40,473 | 38,521 |
| LIABILITIES | | | |
| SHAREHOLDERS' EQUITY: | | | |
| - Share capital and reserves attributable to shareholders of parent company | | (2,333) | (117) |
| - Non-controlling interests | | 596 | 842 |
| TOTAL CONSOLIDATED EQUITY | 19 | (1,737) | 725 |
| - Other non-current payables and liabilities | 20 | 257 | 429 |
| - Termination benefits | 21 | 2,188 | 2,114 |
| - Deferred tax liabilities | 9 | 521 | 84 |
| - Provisions for risks and expenses | 26 | 31 | 55 |
| - Other non-current financial liabilities | 22 | 158 | 291 |
| - Non-current financial liabilities | 23 | 6,450 | 7,279 |
| TOTAL NON-CURRENT LIABILITIES | | 9,605 | 10,252 |
| - Current financial liabilities | 23 | 7,354 | 7,285 |
| - Trade payables | 24 | 11,220 | 9,168 |
| - Current tax payables | 25 | 1,107 | 867 |
| - Other current payables and liabilities: | 25 | 12,229 | 9547 |
| - Provisions for risks and expenses | 26 | 695 | 675 |
| TOTAL CURRENT LIABILITIES | | 32,605 | 27,542 |
| TOTAL LIABILITIES | | 40,473 | 38,521 |

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the Consolidated Statement of Financial Position are posted to the relevant Statement of Financial Position Schedule illustrated below and are further defined in Note No. 31.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Consolidated Statement of Cash Flows (*)

| €thousand | 2021 | 2020 |
|--|----------------|----------------|
| A) Cash and cash equivalents at beginning of period | 2,784 | 1,181 |
| B) Cash from/(used in) operating activities during the period | | |
| - Profit/(loss) for the period | (3,496) | (5,952) |
| - Depreciation, amortisation and write-downs of tangible and intangible assets | 1,933 | 2,707 |
| - Net loss (gain) on disposal of tangible assets | (25) | (8) |
| - Net change in provision for termination benefits | 74 | (44) |
| - Net change in provisions for risks and charges | (4) | (622) |
| - Net change (assets) liabilities for (pre-paid) deferred taxes | 214 | (51) |
| - Net change in working capital: | | |
| receivables | (3,817) | 4,474 |
| inventory | 902 | 3,553 |
| payables (**) | 4,803 | (290) |
| Total | 584 | 3,769 |
| C) Cash from/(used in) investing activities | | |
| - Investments in | | |
| tangible fixed assets | (30) | (184) |
| intangible fixed assets | (56) | (315) |
| - Proceeds from the sale of: | | |
| tangible fixed assets | 29 | 318 |
| Total | (57) | (181) |
| D) Cash from/(used in) financing activities | | |
| - New loans | 210 | 3,522 |
| - Loans paid (***) | (1,118) | (5,027) |
| - Change in capital and reserves | (48) | (25) |
| - Net change in other current and non-current financial assets and liabilities | (133) | 62 |
| Total | (1,090) | (1,469) |
| Currency translation differences | 947 | (515) |
| E) Net change in cash and cash equivalents | 384 | 1,602 |
| F) Cash and cash equivalents at year end | 3,168 | 2,784 |
| Breakdown of cash and cash equivalents: | | |
| Cash and cash equivalents | 5,267 | 4,851 |
| Overdrawn bank accounts | (2,099) | (2,067) |
| | 3,168 | 2,784 |

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the Consolidated Statement of Cash Flows are posted in the relevant Statement of Cash Flows Schedule illustrated below.

(**) of which €45 thousand in taxes paid

(***) of which €285 thousand in interest paid

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Overview of changes in equity

| (€thousand) | Share capital | Treasury shares | Capital reserves | Retained earnings | Cash Flow Hedge reserve | Translation reserve | Reserve for actuarial profit/loss | Other reserves | Profit/(loss) of Group | Total equity of Group | Other non-controlling interests | Total shareholders' equity |
|-------------------------------------|---------------|-----------------|------------------|-------------------|-------------------------|---------------------|-----------------------------------|----------------|------------------------|-----------------------|---------------------------------|----------------------------|
| Balance at 31 December 2019 | 5,123 | (45) | 1,240 | 2,312 | (171) | 1,842 | (151) | 213 | (4,118) | 6,245 | 1,102 | 7,347 |
| Allocation of result | - | - | - | (4,118) | - | - | - | - | 4,118 | - | - | - |
| Comprehensive result for the period | - | - | - | - | (47) | (645) | (30) | - | (5,708) | (6,430) | (260) | (6,690) |
| Change in percentage of ownership | - | - | - | 68 | - | - | - | - | - | 68 | - | 68 |
| Other changes | | | | | | | | | | | | |
| Balance at 31 December 2020 | 5,123 | (45) | 1,240 | (1,738) | (218) | 1,197 | (181) | 213 | (5,708) | (117) | 842 | 725 |
| Allocation of result | - | - | - | (5,708) | - | - | - | - | 5,708 | - | - | - |
| Comprehensive result for the period | - | - | - | - | 101 | 1,035 | (60) | - | (3,202) | (2,126) | (246) | (2,372) |
| Other changes | - | - | - | (89) | - | - | - | - | - | (89) | - | (89) |
| Balance at 31 December 2021 | 5,123 | (45) | 1,240 | (7,535) | (117) | 2,232 | (241) | 213 | (3,202) | (2,333) | 596 | (1,737) |

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Consolidated Income Statement as per Consob Resolution no. 15519 of 27 July 2006

| €thousand | Notes | FY2021 | Of which related parties | FY2020 | Of which related parties |
|---|-------|----------------|--------------------------|----------------|--------------------------|
| - Net sales | | 23,837 | | 21,239 | |
| - Other revenues and income | | 1,444 | | 2,123 | |
| - Total revenues | | 25,281 | | 23,363 | |
| - Changes in inventories of finished goods and work in progress | | (1,247) | | (1,598) | |
| - Consumption of raw materials | | (7,061) | (7) | (5,956) | (4) |
| - Personnel expenses | | (10,338) | (398) | (10,996) | (559) |
| - Other operating costs | | (7,193) | (99) | (6,990) | (114) |
| - Depreciation, amortisation and write-downs | | (1,998) | | (3,561) | |
| - Profit/(loss) from ordinary business | | (2,556) | | (5,735) | |
| - Non-recurring income/(expenses) | | - | | - | |
| - Operating profit/(loss) | | (2,556) | | (5,735) | |
| - Finance revenue (expenses) | | (702) | | (309) | |
| - Profit/(loss) before tax | | (3,258) | | (6,044) | |
| - Income tax | | (238) | | 92 | |
| - Profit/(loss) for continuing operations | | (3,496) | | (5,952) | |
| - Profit/(loss) for discontinued operations | | - | | - | |
| - Profit/(loss) for the period | | (3,496) | | (5,952) | |
| Profit/(loss) due to: | | | | | |
| Shareholders of the parent company | | (3,202) | | (5,708) | |
| Non-controlling interests | | (294) | | (244) | |

FIDIA GROUP: Consolidated Financial Statements at 31 December 2021

Consolidated Balance Sheet

as per Consob Resolution no. 15519 of 27 July 2006

| €thousand | Notes | 31 December 2021 | Of which related parties | 31 December 2020 | Of which related parties |
|---|-------|------------------|--------------------------|------------------|--------------------------|
| ASSETS | | | | | |
| - Property, plant and equipment | | 10,027 | | 11,226 | 76 |
| - Intangible assets | | 1,569 | | 1,972 | |
| - Equity Investments | | 16 | | 16 | |
| - Other non-current receivables and assets | | 206 | | 49 | |
| - Pre-paid tax assets | | 1,236 | | 1,013 | |
| TOTAL NON-CURRENT ASSETS | | 13,054 | | 14,276 | |
| - Inventory | | 12,823 | | 13,725 | |
| - Trade receivables | | 7,395 | | 4,019 | |
| - Current tax receivables | | 400 | | 375 | |
| - Other current receivables and assets | | 1,533 | 16 | 1,275 | 13 |
| - Cash and cash equivalents | | 5,267 | | 4,851 | |
| TOTAL CURRENT ASSETS | | 27,419 | | 24,245 | |
| TOTAL ASSETS | | 40,473 | | 38,521 | |
| LIABILITIES | | | | | |
| SHAREHOLDERS' EQUITY: | | | | | |
| - Share capital and reserves attributable to shareholders of parent company | | (2,333) | | (117) | |
| - Non-controlling interests | | 596 | | 842 | |
| TOTAL CONSOLIDATED EQUITY | | (1,737) | | 725 | |
| - Other non-current payables and liabilities | | 257 | | 429 | |
| - Termination benefits | | 2,188 | | 2,114 | |
| - Deferred tax liabilities | | 521 | | 84 | |
| - Provisions for risks and expenses | | 31 | | 55 | |
| - Other non-current financial liabilities | | 158 | | 291 | |
| - Non-current financial liabilities | | 6,450 | | 7,279 | |
| TOTAL NON-CURRENT LIABILITIES | | 9,605 | | 10,252 | |
| - Current financial liabilities | | 7,354 | | 7,285 | |
| - Trade payables | | 11,220 | 2 | 9,168 | 2 |
| - Current tax payables | | 1,107 | | 867 | |
| - Other current payables and liabilities: | | 12,229 | 359 | 9,547 | 214 |
| - Provisions for risks and expenses | | 695 | | 675 | |
| TOTAL CURRENT LIABILITIES | | 32,605 | | 27,542 | |

TOTAL LIABILITIES**40,473****38,521****FIDIA GROUP: Consolidated Financial Statements at 31 December 2021****Statement of Cash Flows**

as per Consob Resolution no. 15519 of 27 July 2006

| €thousand | 2021 | of which related parties | 2020 | of which related parties |
|--|----------------|--------------------------|----------------|--------------------------|
| A) Cash and cash equivalents at beginning of period | 2,784 | | 1,181 | |
| - Profit/(loss) | (3,496) | | (5,952) | |
| - Depreciation, amortisation and write-downs of tangible and intangible assets | 1,933 | | 2,707 | |
| - Net loss (gain) on disposal of tangible assets | (25) | | (8) | |
| - Net change in provision for termination benefits | 74 | | (44) | |
| - Net change in provisions for risks and charges | (4) | | (622) | |
| - Net change (assets) liabilities for (pre-paid) deferred taxes | 214 | | (51) | |
| Net change in working capital: | | | | |
| - receivables | (3,817) | (3) | 4,474 | 4 |
| - inventory | 902 | | 3,553 | |
| - payables (*) | 4,803 | 145 | (290) | 118 |
| Total | 584 | | 3,769 | |
| C) Cash from/(used in) investing activities | | | | |
| - Investments in | | | | |
| tangible fixed assets | (30) | | (184) | |
| intangible fixed assets | (56) | | (315) | |
| - Proceeds from the sale of: | | | | |
| tangible fixed assets | 29 | | 318 | |
| Total | (57) | | (181) | |
| D) Cash from/(used in) financing activities | | | | |
| - New loans | 210 | | 3,522 | |
| - Loans paid (**) | (1,118) | | (5,027) | |
| - Change in capital and reserves | (48) | | (25) | |
| - Net change in other current and non-current financial assets and liabilities | (133) | | 62 | |
| Total | (1,090) | | (1,469) | |
| Currency translation differences | 947 | | (515) | |
| E) Net change in cash and cash equivalents | 384 | | 1,602 | |
| F) Cash and cash equivalents at year end | 3,168 | | 2,784 | |
| Breakdown of cash and cash equivalents: | | | | |
| Cash and cash equivalents | 5,267 | | 4,851 | |
| Overdrawn bank accounts | (2,099) | | (2,067) | |
| | 3,168 | | 2,784 | |

(*) of which €45 thousand in taxes paid

(**) of which €285 thousand in interest paid

Notes to the Consolidated Financial Statements

MAIN BUSINESS

The publication of the consolidated financial statements of Fidia S.p.A. for the year ended at 31 December 2021 was authorized by the Board of Directors on 27 October 2022. Fidia S.p.A. is a company under Italian law. Fidia S.p.A. and its subsidiaries ("Group") are active in over 20 countries.

The Group is engaged in the manufacturing and sale of numerical controls and software, high-speed milling systems and after-sales service.

The Group headquarters are located in San Mauro Torinese (Turin), Italy.

The Consolidated Financial Statements of the Fidia Group are presented in euro, i.e., the accounting currency of the Parent Company and main economies in which the Group has operations. Unless otherwise specified, the amounts are expressed in thousands of euros.

SIGNIFICANT EVENTS AFTER YEAR END AND BUSINESS OUTLOOK

The Group closed the year with a net loss of €3.5 million related to third parties for €0.3 million, mainly due to the operating loss of €2.6 million, related to the reduction in new orders, as a result of general tension in some markets in which the Group operates and which have slowed down investment demand. In terms of net financial indebtedness, there was an improvement compared to 31 December 2020, standing at €8.7 million at 31 December 2021, as a result of the standstill agreement signed with lenders at the beginning of April 2020 and extended until the end of the period, which involved the suspension of the repayment of the principal amounts of the related loans. This agreement was superseded by the Arrangement Procedure, which kept the suspension of repayment intact.

In particular, the Covid-19 health emergency continued to have a direct impact on the smooth running of Fidia's business.

The Fidia crisis

The Company's economic and financial crisis, which broke out in the year 2020, forced the Company to initiate the arrangement procedure that took place on 13 November 2020.

In the year 2021, despite the ongoing Covid-19 pandemic and the resulting difficulties and freeze in markets, the Company managed not to worsen the economic and commercial performance, substantially holding ground in terms of sales and pursuing a careful cost-cutting policy. During 2021, the Company monitored its business and financial activities on a monthly basis with periodic reporting to the Board of Directors and the court-appointed commissioner. In addition, it carried out an important activity in collaboration with the professionals in charge of drafting the Arrangement Plan, especially, in order to obtain the ruling approving the arrangement, which was handed down by the Court of Ivrea on 22 June 2022.

The reasons for the economic and financial crisis of Fidia, and consequently of the related Group, appear to be attributable mainly to the spread of the Covid -19 pandemic and its impact on the markets in which the Group operates stably. The pandemic difficulties thus added to the crisis that had already affected the automotive and aerospace sectors in 2019.

The latter sector was hard hit by the China-U.S. trade war starting as early as May 2019, which effectively blocked the Chinese market, which is particularly important to the Company.

The Covid-19 health emergency

The outbreak of Covid-19 unfolded in China starting in the second half of January 2020, then expanded to a global scale during February and significantly hit Italy. This epidemic was declared a pandemic by the World Health Organization on 11 March 2020. In addition to the already known health effects, macroeconomic uncertainty had negative effects on the company's economic performance.

In terms of the economic and financial effects related to Covid-19, the Company also experienced the actual negative effects resulting from the pandemic in the year 2021.

Actions taken by the Company to tackle the Group crisis

In 2021, the Company continued the operational and related activities of the Arrangement Plan, already undertaken since 2019 and referred to here in full.

In order to preserve the economic and financial balance, during 2019 and 2020, Fidia's Management initiated, on the one hand, a series of specific actions to reduce and contain costs, including the activation of the solidarity contract for the San Mauro Torinese site (as of 2 September 2019) and for the Forlì site (as of 2 January 2020), and on the other hand, a series of operational actions set out in specific business plans, also one very close to the other.

Specifically, prior to the initiation of the arrangement in continuity, the BoD took the following actions:

- approval of a (first) business plan for periods 2020-2022 (of which 2020 was the budget year) with a forecast of recovering operating profitability as early as 2020 and recovery of the order backlog and revenues for the next two years, also based on forecasts of dynamics in the target market issued by trade associations;
- filing of an application in March 2020 for standstill with major lending institutions, later granted, aimed at maintaining short-term credit lines and a moratorium in the payment of principal instalments due on medium- to long-term loans until 31 July 2020 (later extended in July 2020 until the end of the year);
- preparation of a new business plan with the support of an external Advisor for fiscal years 2020-2024 in order to reflect the effects of Covid-19 in the forecasts.

As illustrated above, the actual losses as at 31 March 2020, together with the losses accrued in previous years - as reflected in the economic and financial situation as at 31 March 2020, the draft of which was approved by the Board of Directors on 29 June 2020, resulted in an overall loss exceeding one third of the share capital, making the provisions of Article 2446 of the Italian Civil Code applicable. On 31 July 2020, the shareholders' meeting - convened for this purpose "without delay" - passed a resolution (together with the approval of the financial and economic situation as at March 31, 2020) to carry forward losses pursuant to and in accordance with Article 6 of Decree Law 23/2020, converted into Law 40/2020.

With regard to the trend in Fidia's net equity for the period under consideration, due to the loss recorded in the first half of the year, as at 30 June 2020, there was still an overall loss of more than one-third of the share capital (referring to the statement of financial position of Fidia S.p.A. prepared as part of the consolidated half-year financial report).

In the light of the situation that had arisen - aggravated by the effects of the Covid-19 pandemic - the BoD took action "without delay" - pursuant also to the requirements of Article 2086, paragraph 2, of the Italian Civil Code - "for the adoption and implementation of one of the tools provided by the law for overcoming the crisis and the recovery of going concern," identified in the arrangement with reserve, functional to the filing of a plan and a proposal for an arrangement with direct business continuity pursuant to Article 186 bis of the Bankruptcy Law. This decision was considered the most appropriate, in light of the state of crisis of the Company, to ensure the protection, even partial, of the rights of creditors and the continuation of operations.

Fidia's Arrangement Procedure

In light of the foregoing, with a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, or of the application for approval of a debt restructuring agreement, pursuant to Article 182bis, first paragraph, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

By a decree communicated on 1 December 2020, the Court of Ivrea admitted the Company to arrangement with creditors with rights reserved to file ancillary documents at a later date, giving a deadline until 31 March 2021 for the filing of a final proposal for arrangement with creditors (with the plan and complete documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law) or an application for approval of debt restructuring agreements under Article 182bis of the Bankruptcy Law.

During the period of the reservation phase of the Procedure, in compliance with the provisions of the opening decree of 1 December 2020, the Company filed periodic information memoranda, accompanied with the relevant updated financial statements, meeting all the required deadlines.

Following Fidia's motion, in line with the favourable opinion issued by the court-appointed commissioner, the Court granted the extension pursuant to Article 161, paragraph 6, of the Bankruptcy Law, thus postponing the deadline for filing the plan and the proposal of arrangement by an additional 60 days to 31 May 2021.

Upon an additional motion and upon finding concrete and justified reasons pursuant to the Covid-19 emergency regulations under Decree Law No. 23/2020, the Court further postponed the deadline for filing the Arrangement Plan and Proposal to 29 September 2021, ordering that the Company file, as it did, the relevant periodic disclosures by 31 July, 30 August and 15 September 2021.

It is necessary here, to confirm that since the start of arrangement the Company has been conducting its business activities in terms of ordinary management in accordance with its corporate purpose and as a going concern, in order to preserve the value of its assets and, with them, the possibility of better satisfying creditors. At the same time, Fidia started a complex process of searching the market for possible third-party investors who would be interested in supporting the company's continuity and, with it, the successful outcome of the current arrangement procedure.

At the end of this search, the Company identified Futuro all'Impresa S.r.l., supported by the financial entity Negma Group Limited, as partners willing to support restructuring under this arrangement procedure and subject to the finality of the approval decree.

In light of the above and in accordance with Article 161, paragraph 3, of the Bankruptcy Law, the Company then filed the Plan and the Proposal for Arrangement, together with all the documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law, within the terms set by the Court.

More specifically:

- the Plan provided for the analytical description of the manner and timing of fulfilling the Proposal, as required by Article 161, paragraph 2, letter e), of the Bankruptcy Law and thus direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law;

The Arrangement Proposal provides for a comprehensive financial and capital consolidation operation to be implemented, in short, through the continuation of the Company's business activity, aimed at ensuring its continuation as a going concern. This capital and financial consolidation operation is covered by the irrevocable and guaranteed commitment of the Investors, contained in the offer and Investment Agreement agreed upon and submitted to the Company. In detail, the offer includes:

(i) establishment by FAI of a limited liability company based in Italy, with a share capital of €100,000 and managed by Mr. Enrico Scio. This company was incorporated on 13 April 2022 under the name FAI Bidco Uno S.r.l. ("FAI Bidco Uno");

(ii) an increase in the share capital of FAI Bidco Uno in the amount of €4,132,413 ("Aucap Fai Bidco Uno S.r.l."), within 30 days of the approval of the Arrangement Plan, to be carried out only if fully subscribed and in two tranches:

- the first, totalling €2,132,413 (of which €80,000 was nominal and €2,052,413 was share premium), subscribed and paid for by Mr. Morfino, in kind, through the contribution of all the shares held by him in Fidia's share capital;

- the second, in the amount of €2,000,000 (including €220,000 in nominal amount and €1,780,000 as premium), subscribed and paid in cash by Negma;

(iii) the issuance of a convertible bond cum warrant by Fidia in the total amount of €10,000,000, to be issued in one or more tranches, excluding option rights ("POC"), which Negma has committed to subscribe and pay in full.

Specifically, having taken note of the postponement of the date of the Company's capital increase, on 21 October 2022 Negma confirmed its willingness to continue with the investment, now scheduled for 18 November 2022, and declared its readiness to carry out the capital increase in Fai Bidco Uno S.r.l. by the same date, subject to the Company carrying out all the steps deemed necessary to proceed with the capital increase in Fidia S.p.A. within the timeframe indicated above.

(iv) the execution of an overall capital increase with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:

a. €2,000,000, to be reserved for subscription in cash by FAI Bidco Uno ("Reserved Capital Increase");

b. €10,000,000 to be allocated for the conversion of the POC subscribed by Negma (the "POC Capital Increase");

c. €2,000,000 to service the possible exercise of warrants.

Thus, the Arrangement Plan provides, in addition to the full payment of procedural costs and claims as a preferential creditor:

- payment in full of general preferential claims (other than the exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law);
- the division of ab-initio unsecured creditors divided into two classes, which provide:
 - Class 1: unsecured claims and exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law, which will be satisfied in the guaranteed amount of 10.15% by 29 February 2024;
 - Class 2: unsecured receivables that - in addition to the guaranteed amount of 10.15% by 29 February 2024 - will be satisfied by the additional assets resulting from the execution of the commitment guaranteed by Mr. Morfino, thus increasing - as a result of the contribution of third-party resources other than the company's assets - the related satisfaction.

Following the filing of the Plan and Proposal for Arrangement and the filing of additional clarifications requested by the Court, by order dated 29 November 2021, Fidia's arrangement procedure was opened, setting the meeting for 27 April 2022.

On 11 March 2022, the court-appointed commissioner filed the Report pursuant to article 172 of the Bankruptcy Law in which, as a result of the analyses, findings and assessments carried out, he found that the Arrangement Proposal allowed for a better and faster satisfaction of the creditors, compared to the only practically feasible alternative, i.e., bankruptcy. In addition, in his Report pursuant to Article 172 of the Bankruptcy Law the court-

appointed commissioner requested that the Company be able to proceed with the approval of the financial statements 2021 no later than the hearing for the approval of the arrangement procedure.

On 27 April 2022, a meeting of creditors was held at which sufficient affirmative votes were cast to secure a majority of affirmative votes in Class 2, but not in Class 1.

On 19 May 2022, the court-appointed commissioner submitted the final statement of the acceptances received within the 20-day period following the meeting, confirming that the majorities (in all classes) required by Article 177 of the Bankruptcy Law for approval of the proceedings had been achieved.

On 22 June 2022, the Court of Ivrea issued the order approving the arrangement as a going concern and then ordered the Company to carry out the fulfilments of the arrangement plan filed at the time and thus the fulfilment of the provisions contained in the same plan and the planned capital increase transactions. Pursuant to Article 186 of the Bankruptcy Law, the court-appointed commissioner will supervise its fulfilment in the manner set forth in the approval ruling, reporting to the court any fact that may prejudice creditors.

As a result of the discussions between the Company and the Investors following the approval of arrangement, the parties agreed to increase the total amount of the Capital Increase, from €14,000,000 to €22,000,000, specifically providing for an increase in the Capital Increase to service the possible exercise of the warrants from €2,000,000 to €10,000,000, as resolved by the Company's Board of Directors, which on 6 October 2022 approved the Directors' Explanatory Report prepared in accordance with Article 2441, paragraph 6, of the Italian Civil Code, by which it submitted the relevant capital increase proposals (the "Capital Increase Proposals") to the Company's Extraordinary Shareholders' Meeting, convened on 18 November 2022 (see page 5).

However, as of today's date, the capital increase of Fai Bidco Uno S.r.l. has not yet been subscribed and paid within the terms stipulated in the Arrangement Plan, and consequently Negma and Mr. Morfino agreed on a different timeline for its completion, which as of today is scheduled for 18 November 2022. The court-appointed judicial commissioner was informed of this change, and he invited the parties to proceed, without further delay, with the necessary steps to execute the capital increase of Fai Bidco Uno S.r.l. on 18 November 2022 so as to provide the Company with the consequent financial resources no later than 21 November 2022.

In light of the above, it can be reasonably ruled out that judicial measures will be taken to interrupt the course of action initiated before 21 November 2022.

Moreover, postponement, mainly due to the multiple obligations necessary in order to complete the transaction, is not considered by the directors, also based on the opinion of their lawyers, to be an obstacle to the successful completion of the transaction.

Going concern assumption

As explained above, on 6 October 2022, Fidia's Board of Directors resolved on the Capital Increase Proposals to be submitted for approval to Fidia's Shareholders' Meeting scheduled for 18 November 2022, which are instrumental and preparatory to the implementation of the Arrangement Proposal.

The Arrangement Plan process is still in the execution phase and, in particular, as of the date of preparation of these financial statements, the capital increase of Fai Bidco Uno S.r.l., preparatory to the Capital Increase reserved for Fai Bidco Uno of €2 million, which according to the Arrangement Proposal should have been executed within 30 days of the approval of the Arrangement Plan on 22 June 2022, has not yet been executed. As a result of the following discussions between the parties, as of today the Bidco capital increase is scheduled for 18 November 2022, and both Mr. Morfino and Negma have confirmed their intention to follow up on this capital increase, also taking into account Negma's commitment dated 21 October 2022 mentioned above.

For the purpose of executing Fidia's capital increases, the agreement governing the issuance of the Bonds and Warrants (the "Agreement"), to which the POC Regulations (the "POC Regulations") and the Warrant Regulations are attached, was also signed. This Agreement as at the date of preparation of the draft financial statements has not yet been signed, but it is expected to be finalised according to timelines consistent with the resolution of the shareholders' meeting regarding the Proposed Capital Increase.

Given that the steps required to implement the Arrangement Proposal have not yet been completed, in the opinion of the directors, there is significant uncertainty that may cast significant doubt on the ability of Fidia and the Group to continue operating on a going concern basis. Moreover, this uncertainty is associated with the risk of failure to finalise the forecasts contained in the arrangement plan that have not yet been completed to date, including the planned capital increases, which are necessary in order to provide the Company and the Group with the necessary resources to finance the expected financial requirements.

Nonetheless, taking into account Negma's confirmation of its commitment to pay the capital increase Bidco pertaining to it by providing this company with the necessary resources to carry out the Reserved Capital Increase of €2 million and the expected approval by the Extraordinary Shareholders' Meeting convened for 18 November 2022 of the Proposed Capital Increases and the consequent execution of these capital increases and issuance of the POC, to the extent necessary to cover the financial needs of the Company and the Group over the foreseeable future, and having carried out the necessary assessments, the Directors believe that the process of the arrangement plan can reasonably be completed.

In addition, with reference to the short-term cash needs (next 12 months) of the Company and Group, based on the flows processed for the period from September 2022 to August 2023, the Directors are confident that upon successful completion of the planned capital increases, there will be no financial shortfall for the Company and the Group.

Based on these assumptions, therefore, the Directors consider it appropriate to use the going concern assumption for the preparation of the annual and consolidated financial statements for the period ending 31 December 2021, including the following:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- the approval of the Arrangement Plan by the competent court took place on 22 June 2022;
- the business plan prepared by the Company for the period 2021-2025 envisages a recovery of volumes and profitability with related benefits on cash flows;
- the Report pursuant to Article 172 of the Bankruptcy Law assessed positively the main assumptions underlying the business plan of the Company's restructuring path and thus the prospect of continuity, an inseparable element of the Arrangement Plan submitted by the Company;
- the investment offer and the related Investment Agreement signed by the investors for the injection of new funding through the execution of a capital increase and the subscription of the convertible bond (for a total injection of €12,000,000, of which €4,000,000 is earmarked for the implementation of the business plan and the efficiency of business continuity) is still valid and effective, as well as validly guaranteed by the updated set of guarantees both at the meeting of creditors by the investors and in the following months;
- in the year 2020, and in particular while the debt-relief plan application was pending, the Company continued its business operations in terms of ordinary management with the overriding goal of preserving its ability to continue as a going concern. In particular, downstream of this period, Fidia represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;
- in the years 2021 and 2022, the Company recorded an improvement in general economic and financial trends, a turnaround from the period 2016-2019, partly due to the still partial implementation of the business plan underlying the restructuring path, which will be fully implemented only after the capital increase has taken place.

The benefits expected in the Arrangement Plan relating both to the ordinary operation of the business and to the equity and financial effects related to the execution of the Plan, in connection with the write-off of debts and the planned capital increases, are expected to restore financial stability and ensure the coverage of the financial obligations of the Company and the Group for a time horizon of at least 12 months from the date of approval of these financial statements.

Based on the net result of the period 2021, the parent Fidia S.p.A. recorded a negative equity of €8,505 thousand. In relation to the provisions in the Civil Code for this case, the Directors shall take appropriate action at the shareholders' meeting convened to approve the financial statements for the year ending 31 December 2021. The Directors also believe that, based on the benefits already shown today as a result of the approval of the composition agreement with the write-off of debts admitted to the bankruptcy proceedings, these losses will be immediately and fully reabsorbed with restoration of a balanced equity.

SIGNIFICANT ACCOUNTING STANDARDS

Standards for the presentation of the financial statements

The 2021 consolidated financial statements represent the financial statements of the Fidia Group were drawn up in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and with the provisions implementing Article 9 of Italian Legislative Decree No. 38/2005. IFRS also include all the reviewed international accounting standards (IAS) and interpretations of the IFRS Interpretations Committee, previously called International Financial Reporting Interpretations Committee (IFRIC), and before then Standing Interpretations Committee (SIC).

The consolidated financial statements were drawn up based on the historical cost principle, amended as requested for the evaluation of some financial instruments that were measured at fair value. The Group applied accounting standards consistent with those of the previous year; the application of new accounting standards effective 01/01/2021 did not result in significant impacts.

Financial Statements

The Group presents the statement of comprehensive income by nature of expenditure, which is deemed more representative compared to so-called presentation by function. The form chosen complies with the internal reporting and business management methods.

Within said statement of comprehensive income by nature, under the Profit/(loss), a specific distinction has been made between profit/(loss) of ordinary operation and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses, the (write-down)/recovery in value of asset items and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail.

The definition of atypical adopted by the Company differs from the one set by Consob Notice of July 28, 2006, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1.

The statement of cash flows was drawn up by applying the indirect method.

Finally, please be noted that with reference to Consob Resolution n° 15519 of July 27, 2006 on financial statements, supplementary schedules for the statement of comprehensive income, statement of financial position and statement of cash flows were added in order to underscore significant related parties transactions and not to impair the overall readability of the financial statements.

CONSOLIDATION PRINCIPLES

Subsidiaries

These are companies that are under the control of the Group as defined by IFRS 10 – *Consolidated Financial Statements*. Control subsists when the Group has exposure or rights to variable returns as a result of its relationship with the investee and, at the same time, the ability to affect those returns through power over said investee. The accounts of the subsidiaries are included in the consolidated financial statements starting from the date on which control is gained and up to the date on which said control ceases. Equity of non-controlling interests and the share of profit or loss for the year attributable to non-controlling interests are disclosed separately in the consolidated statement of financial position and statement of comprehensive income.

Any loss of non-controlling interests that exceed the acquirer's interest of the capital of the investee are allocated to non-controlling interests. Variations in interests held by the Group in subsidiaries that do not cause loss of control are accounted as transactions in equity. The carrying amount of the Equity of the shareholders of the parent company and non-controlling interests is adjusted to reflect the change in the interest share. Any difference between the carrying amount of non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders' equity of the parent company.

In the case of loss of control over an investee, the Group recognizes a profit or loss in the statement of comprehensive income calculated as the difference between (i) the sum of the fair value of consideration received and the fair value of the outstanding portion and (ii) the carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. The value of any profit or loss recognized in Other comprehensive profit and loss pertaining to the measurement of the assets of the subsidiary are recognized as if the subsidiary were sold (reclassified in the statement of comprehensive income or transferred directly to profit carried forward according to the applicable IFRS). The fair value of any residual equity investments in the company previously controlled is recognized, depending on the existing type of interest, in accordance with IAS 28 or IAS 31.

Associates

Associated companies are companies in which the Group exercises significant influence, as defined by IAS 28 - *Investments in associates*, but not control or joint control over the financial and operating policies. Investments in associates are accounted for under the equity method, from the date on which significant influence starts up to the moment in which this considerable influence ceases to exist.

If the portion attributable to the Group of the losses of an associate exceeds the carrying amount of the investment, the value of the investment is reduced to zero and the share of further losses is discontinued except and to the extent in which that the Group must stand in. Unrealized gains and losses arising from transactions with associates are eliminated based on the value of the Group's proportion of ownership interest in those entities.

Equity investments in other entities

Investments in other minor entities constituting non-current financial assets for which fair value is not available are reported at the impaired cost due to lasting loss of value.

Transactions eliminated during consolidation

During the preparation of the consolidated financial statements, all balances and significant transactions between Group companies were eliminated as well as any unrealized profit and loss on intragroup transactions.

Transactions in foreign currency

Transactions in foreign currency were reported at the exchange rate at the date of the transaction. Assets and liabilities in foreign currency on the date of the financial statements were converted at the exchange rate on said date. Exchange rate differences generated by monetary items or by their conversion at rate other than those at which these were converted at the time of the initial reporting in the period or previous financial statements were recognized in profit or loss.

Consolidation of foreign entities

All assets and liabilities of foreign entities in currencies other than EUR that fall under the consolidation area were converted using the exchange rates in force on the date of reference of the financial statements. Revenues and costs were converted at the mean exchange rate of the period. Differences in conversion exchange rate due to the application of this method were classified as equity up to the transfer of the interest.

Business combinations

Business combinations are accounted for by applying the acquisition method. Under this method:

- the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the Group and the equity instruments issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.
- At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at that date, except for deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments relating to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, and assets (or groups of assets and liabilities) held for sale. These are measured in accordance with the relevant standard;
- Goodwill is measured as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a gain from a bargain purchase;
- Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis.
- Any contingent consideration arrangement in the business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in the business combination in order to determine goodwill. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognized retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which may not exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date.
- When a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Any amounts pertaining to the equity interest in the acquiree that have been recognized in Other comprehensive profit/(loss) in prior reporting periods are reclassified to profit or loss as if the interest had been disposed of.
- If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the above-mentioned measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date which, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

PROPERTY, PLANT AND EQUIPMENT

Cost

Property, consisting essentially of the operating sites of the subsidiaries Fidia Iberica and Fidia Co., are valued at purchase cost net of accrued amortisation and any impairment losses.

Plant and machinery were evaluated at purchase or production cost minus accrued amortization and any write-down and these were not revalued. The cost comprises ancillary expenses and direct costs needed to make the asset available for use and indirect costs in the amount reasonably attributable to these.

Costs incurred following purchase were posted only if these increase the future economic benefits inherent to the asset concerned. All other costs were recognized in profit or loss when incurred.

Assets held through leasing contracts by which all the risks and benefits associated to the property thereof were transferred to the Group were posted as assets of the Group at fair value or, if lower, at the current value of the minimum payments due for leasing. The corresponding liabilities with the lessor were posted under the financial payables. Assets were amortized by applying the criterion and rates specified below.

Amortisation

Amortisation was calculated based on constant shares of the estimated economic life of the assets as follows:

| Description | Amortisation rates |
|-------------------------------------|-------------------------|
| Buildings | 5.00% |
| Lightweight constructions | 5.00% |
| Generic and specific plants | 12.50% |
| Machinery | 6.67% / 15.00% / 48.11% |
| Industrial and commercial equipment | 20.00% / 25.00% |
| Electronic office equipment | 20.00% |
| Office furnishing | 6.67% |
| Forklifts/internal vehicles | 20.00% |
| Motor vehicles | 25.00% |

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are included in the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to obtain funding.

IFRS 16

Lease agreements grant a right to the exclusive use of an identified or identifiable asset, conferring the material right to obtain all economic benefits from its use for a specified period of time in exchange for consideration, fall within the scope of IFRS 16.

These contracts are recognised in the statement of financial position of a "right of use" as an asset and a liability represented by the present value of payments due for the lease. The "right of use" is amortised on a straight-line basis over the term of the lease, or its economic and technical useful life, whichever is shorter.

On the effective date of the lease, defined as the date on which the lessor makes the underlying asset available to the lessee, the carrying value of the "right of use" includes:

- the amount of the initial measurement of the lease liability;
- payments due for the lease made on or before the effective date;
- any initial direct costs;
- any estimated and discounted costs to be incurred at the time the facilities are left, recognised to

offset a specific provision in liabilities when there are obligations for decommissioning, asset removal and site restoration.

The amount of the initial measurement of the lease liability includes the following elements:

- fixed payments;
- variable payments that depend on an index or rate;
- the price to exercise the purchase option if there is reasonable certainty of exercising it;
- any lease termination penalty payments, if the lease term takes into account the exercise of the lease termination option. This mode of accounting recognition includes the following categories of leased assets:
 - property;

- cars;
- equipment.

The Group avails itself of the option granted by IFRS 16 - Leases to recognise as an expense, on an accrual basis, payments related to leases (i) of short duration (i.e., less than 12 months), (ii) involving assets of modest value (i.e., less than 5,000 euros, when new).

The lease liability is recognised on the effective date of the contract and is equal to the present value of lease payments. The present value of lease payments is counted using the lease's implicit interest rate or the lessee's marginal borrowing rate if the former is not readily available. The marginal financing rate is equivalent to the interest rate the lessee would have to pay for a loan with similar term and collateral needed to obtain an asset of similar value to the asset subject to the "right of use" in a similar economic environment.

After the effective date, the lease liability is measured by applying the amortised cost criterion; thereafter this can be restated (i.e., the cash flows of the lease change as a result of the original contractual terms) or modified (i.e., changes in the subject matter or consideration not provided for in the original contractual terms) with adjustments to the "right of use."

INTANGIBLE FIXED ASSETS

Intangible assets purchased or produced internally were posted in the assets according to the provisions of IAS 38 – Intangible Assets, when it is probable that the future economic benefits attributable to the asset will flow to the company and when the cost of the asset can be measured reliably.

Said assets were measured at purchase cost and amortized in constant shares over their estimated life if these have a finite life and net of any losses in value.

The main categories of intangible assets held by the Group are the costs for internal product development, rights to use know-how, software and licenses.

Software and licenses are amortized over five years.

Development costs incurred in connection with a specific project are recognized as intangible assets when the Group can demonstrate: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the asset and its ability and intent to use or sell it; the manner in which the activity will generate future economic benefits; the availability of resources to complete the asset and the ability to measure reliably the cost attributable to the asset during development.

After initial recognition, development assets are measured at cost less amortization or the accrued loss in value. Amortization of the asset starts when development is completed, and the asset is available for use. Development assets are amortized in relation to the period of the expected benefits. During development, the asset is subject to annual verification of any loss of value (impairment test).

There are no intangible assets with indefinite useful life.

Write-down of assets

If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount understood as the higher between the fair value less the costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of a single asset, the company estimates the recoverable amount of the unit generating the cash flows that owns the asset.

The value in use of an asset is calculated by determining the current value of estimated future cash flows before tax, by applying an interest rate before tax that reflects the current market values of the time value of money and of the risks inherent in the asset. A write-down is posted if the recoverable amount is lower than the carrying amount.

Should there no longer be a write-down of an asset other than goodwill or should the write-down be reduced, the carrying amount of the asset or the unit generating the cash flows is increased until the recoverable amount is estimated again, and it cannot exceed the amount that would have been determined if there had been no write-down. A reversal of write-down is immediately recognized in profit or loss.

FINANCIAL INSTRUMENTS

Presentation

Financial instruments held by the Group were included in the balance-sheet items described below.

Investments comprises interests held in associates and in other companies.

Other Receivables and Other Non-Current Assets do not comprise medium/long-term receivables and caution money.

Current financial assets include trade receivables, other receivables and current assets and other current financial assets (which include the positive fair value of derivatives), as well as cash and cash equivalents.

In particular, Cash and Cash Equivalents comprises bank account and securities held for trading that can be readily cashed in and are subject to a non-significant risk of change. For the purpose of representation in the consolidated

statement of cash flows, cash and cash equivalents are represented by cash and cash equivalents as defined above, net of bank overdrafts, since these are considered an integral part of the Group's liquidity management

Financial liabilities refer to financial payables as well as to other financial liabilities (including the negative fair value of derivatives), trade payables and other payables.

Valuation

Trade receivables, other receivables and current and non-current assets

Trade receivables, other receivables and current and non-current assets, except for assets arising from derivative financial instruments, are initially recognized at fair value, which usually coincides with the acquisition cost, net of transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method and are shown net of losses on uncollectible amounts, posted in appropriate bad debt provisions. The original value of the receivables will be re-instated in subsequent periods whenever the reasons for their adjustments are no longer applicable. When financial assets have no fixed maturity, these are evaluated at cost. Receivables with a maturity over 1 year that do not yield interest or yield interest below market rates are actualized using market rates.

Cash

It is stated at nominal value.

Financial liabilities, trade payables and other payables

Financial payables (current and non-current), trade payables, and other payables are entered at first recognition in the statement of financial position at fair value (usually the cost of the originating transaction), including the transaction costs.

Then, with the exception of derivatives, financial liabilities are measured at amortized cost using the effective interest method.

Any fixed-rate financial liabilities hedged by derivatives are measured according to the procedures set for hedge accounting applicable to fair value hedges: gains and losses arising from re-measurement at fair value, due to changes in interest rates, are recognized in income and offset by the effective portion of gain or loss arising from re-measurements at fair value of the hedging instrument.

DERIVATIVES

Derivatives are used by the parent company only for hedging purposes, in order to reduce interest rate risk (*Interest Rate Swap* and *Interest Rate Cap*) and possibly foreign exchange risk (forward sales contracts to hedge dollar risk on sales).

All derivatives are measured at fair value as set forth by the accounting standard IAS 9.

Consistent with the provisions of IFRS 9, derivatives can be accounted for in the manner established for *hedge accounting* only if the following eligibility criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the beginning of the hedging relationship there is a formal designation and documentation of the hedging relationship, the entity's objectives in managing risk, and the strategy in carrying out hedging. Documentation should include identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess whether the hedging relationship meets hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedging relationship meets all of the following hedging effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument (see paragraphs B6.4.4-B6.4.6);
 - the effect of credit risk does not override changes in value resulting from the economic relationship (see paragraphs B6.4.7-B6.4.8);
 - the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the entity actually hedges and the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item. However, this designation should not reflect an imbalance between the weights of the hedged item and the hedging instrument that would result in the ineffectiveness of the hedge (regardless of whether it is recognised or not) that could result in an accounting result that would be contrary to the purpose of hedge accounting (see paragraphs B6.4.9-B6.4.11).

The following hedging relationships are eligible:

- fair value hedge: means a hedge of exposure against changes in the fair value of the recognized asset or liability or unrecognised irrevocable commitment, or a component thereof, that is attributable to a particular risk and could affect profit (loss) for the period;
- cash flow hedge: a hedge of exposure against the variability of cash flows attributable to a particular risk associated with all or a component of recognised assets or liabilities (such as all or only some future interest payments on floating-rate debt) or to a highly probable planned transaction that could affect profit (loss) for the year;
- hedging of a net investment in a foreign operation as defined in IAS 21.

Regarding cash flow hedges, used by the Fidia Group, as long as the eligibility criteria are met, the hedging of financial instruments should be accounted for as follows (see 6.5.11):

- a. the separate equity component associated with the hedged item (cash flow hedge reserve) is adjusted to the lesser of the following absolute amounts: i) cumulative gain or loss on the hedging instrument since inception of the hedge; ii) cumulative change in fair value (at current value) of the hedged item (i.e., the current value of the cumulative change in expected future cash flows hedged) since inception of the hedge;
- b. the portion of the gain or loss on the hedging instrument that is found to be an effective hedge (i.e., the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a) above) must be recognized in other comprehensive income;
- c. any remaining gains or losses on the hedging instrument (or the gains or losses required to offset the change in the cash flow hedge reserve calculated in accordance with (a) above) represent the ineffective portion of the hedge that must be recognised in profit (loss) for the period;
- d. the accrued amount in the cash flow hedge reserve in accordance with (a) shall be accounted for as follows:
 - i) if a hedged planned transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged planned transaction for a non-financial asset or non-financial liability becomes an irrevocable commitment to which fair value hedge accounting applies, the company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost, or other carrying amount, of the asset or liability. This is not a reclassification adjustment (see IAS 1) and therefore does not affect other comprehensive income; (ii) for cash flow hedges, except those considered in (i) above, the amount must be reclassified from the cash flow hedge reserve into profit (loss) for the period as a reclassification adjustment (see IAS 1) in the same period or periods in which the hedged expected future cash flows have an effect on net income (loss) for the period (for example, in the periods in which interest income or interest expense is recognised or when a scheduled sale occurs); (iii) however, if the amount constitutes a loss and the company does not expect to recover all or a portion of the loss in one or more future periods, the company must immediately reclassify into profit (loss) for the period, as an adjustment from reclassification (see IAS 1), the amount it does not expect to recover.

If a hedging instrument or hedging relationship is closed, but the hedged transaction has not yet been realised, the cumulative gains and losses, up to that point recorded in the cash flow hedge, are recognised in profit or loss in correlation with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer considered probable, the unrealised gains or losses suspended in the cash flow hedge reserve are recognised immediately in profit or loss.

If hedge accounting cannot be applied, profit or loss resulting from fair value measurement of the derivative is immediately recognized in profit or loss.

Fair value

The fair value, as provided for by IFRS 13, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of a financial instrument at initial measurement is normally the price of the transaction, i.e., the amount paid or received. However, if part of the amount given or received pertains to something other than the financial instrument, fair value of the instrument is estimated using a measurement method.

The existence of official quotations in an active market is best proof of fair value and, when these exist, they are used to measure the financial asset or liability.

If the market of a financial instrument is not active, fair value is determined using an evaluation method that relies more on market factors and as less as possible on specific internal factors.

Criteria for measuring fair value

The Fidia Group avails itself of measurement methods established in market practice to determine the fair value of financial instruments for which there is no active relevant market.

If evaluation methods are adopted, recourse to market factors allows for a reasonable estimate of the market value of said financial instruments.

The market factors considered for the calculation of fair value and measured at the measurement date of 31 December 2021 were: time value of money, i.e., base interest rate without risk, credit risk, exchange rates of foreign

currencies, size of the future changes in price of a financial instrument, i.e., the latter's volatility, the costs to service an asset or financial liability.

The evaluation of financial instruments using evaluation methods is entrusted by the Fidia Group to external consultants who have the necessary specialized know-how and are capable of providing the market values at the various dates of evaluation. Said market values are periodically compared with marks to market given by banking counterparts.

In order to provide information on the methods and main assumptions used to determine fair value, financial assets and liabilities were divided into two classes, both of which homogeneous by nature of information provided and for the characteristics of the financial instruments.

In particular, financial assets and liabilities were divided into:

- financial instruments evaluated at amortized cost;
- financial instruments measured at fair value.

Financial assets and liabilities evaluated at amortized cost

The class under examination comprises: trade receivables and payables, loans payable, mortgages and other liabilities and assets.

The fair value of the items under consideration is determined by calculating the current value of the expected contractual flows, capital and interests, based on the yield curve of treasury bonds on the measurement date. In particular, the fair value of medium to long-term financial liabilities is determined using the risk-free curve on the reporting date increased by an adequate credit spread.

Said spread was determined by taking the premium for credit risk applied on the last loan granted to the Group by banks as reference.

Financial assets and liabilities measured at fair value

The class under consideration comprises hedging instruments and those for trade.

The fair value of the interest rate swaps is calculated based on the market data available on the measurement date by discounting the contract flows of estimated future cash with the short and medium-to-long term exchange rate curves measured by market info providers.

Interest rates

The interest rates used to actualize the estimated financial flows are based on the short and medium-to-long term rate curves measured by market info providers at the reporting dates and are illustrated in the table below:

| EUR Curve | | |
|-----------|---------|---------|
| | 2021 | 2020 |
| 1W | - | - |
| 1M | -0.583% | -0.554% |
| 2M | - | - |
| 3M | -0.572% | -0.545% |
| 6M | -0.546% | -0.526% |
| 9 M | - | - |
| 12M | -0.501% | -0.499% |
| 2 year | -0.317% | -0.553% |
| 3 years | -0.165% | -0.540% |
| 4 year | -0.084% | -0.519% |
| 5 year | -0.018% | -0.493% |
| 7 year | 0.092% | -0.425% |
| 10 year | 0.273% | -0.293% |
| 15 year | 0.482% | -0.096% |
| 20 year | 0.552% | -0.007% |
| 30 years | 0.498% | -0.027% |

INVENTORY

Inventories of raw materials, semi-finished and finished goods are valued at the lower between the cost, determined using the method of weighted average cost, and net realisable amount. The evaluation of inventories includes the direct costs of materials and labour and the indirect costs (both variable and fixed).

Provisions are calculated for the write-down of materials, finished goods, spare parts and other supplies deemed obsolete or slow-moving, considering their future expected use and realisable amount. The realisable amount is the estimated sales price net of all estimated costs for the completion of the good and of the sales and distribution expenses to be incurred.

PROVISIONS FOR RISKS AND CHARGES

The Group states provisions for risks and expenses when it has an obligation (legal or implicit) with third parties and it is probable that the Group will have to utilize resources to meet the obligation and when it is possible to make a reliable estimate of the amount resulting from fulfilling the obligation.

The estimate changes are recognized in profit or loss of the period in which the change occurred.

TERMINATION BENEFITS

Termination benefits for employees of the parent company fall within the scope of IAS 19, as these are like defined benefit plans. The amount reported in the financial statements is the result of an actuarial calculation according to the projected unit credit method by using a discount rate that reflects the market yield on corporate bonds with a maturity consistent with that expected from the obligation. The calculation considers the termination benefits already accrued for labour services already rendered and includes assumptions of future salary increases. Actuarial profit and loss are accounted for in a specific equity item.

Up to 31 December 2006, the termination benefits fund (TFR) was considered a defined benefit scheme. The rules of this fund were amended by Italian Law No. 296 of 27 December 2006 ("2007 Finance Law") and following Decrees and Regulations issued in early 2007. In light of said changes and in particular with reference to companies with at least 50 employees, said fund can now be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid on the reporting date), while the amounts accrued after that date can be considered as a defined contribution plan.

TREASURY SHARES

Treasury shares are written down from the shareholders' equity. The original cost of the treasury shares and profit and loss resulting from subsequent sales are stated directly as changes in equity.

REVENUE RECOGNITION

The Group accounts for revenue, in accordance with *IFRS 15 - Revenue from Contracts with Customers*, when control of goods and services is transferred to the customer in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. The accounting standard is applied using a model consisting of the following five basic steps:

1. Identification of the contract with the customer
2. Identification of the contractual obligations (i.e., performance obligations) contained therein
3. Determination of the transaction consideration
4. Allocation of price to different contractual obligations
5. Recognition of revenue upon fulfilment of contractual obligations.

Specifically, revenues related to the sale of machinery are recognised when installation and testing are formally accepted by the buyer, which generally coincides with the Group obtaining the right to payment and the transfer of material possession of the asset, which incorporates the transfer of the significant risks and rewards of ownership.

The Group identifies the extension of guarantee over normal market conditions as a performance obligation to be accounted for separately.

Revenues for services are accounted for on a progress basis in the period in which they are rendered.

RESEARCH GRANTS

Government and Community contributions received for research projects are stated in the income when it is reasonably certain that the Group will meet all the conditions for receiving the contributions and that said contributions will be received; as a rule, this coincides with the period in which the resolution to allocate the contribution is made.

COST RECOGNITION

The costs for the purchase of goods is recognized by accrual.

Costs for rendering of services are posted at the time of completion of the service.

Advertising and research costs, in compliance with IAS 38, are recognized in profit or loss in the year in which these are incurred.

FINANCE INCOME AND EXPENSES

Finance income and expenses are stated by period based on the interest accrued on the net value of the relevant financial assets and liabilities, using the effective interest rate.

DIVIDENDS

Dividends payable by the Group are reported as a movement in equity in the period in which they are approved by shareholders in their Shareholders' Meeting.

TAXES

Income tax comprises all taxes calculated on the taxable income of the single companies of the Group. Income taxes are recognized in profit or loss, except for those items debited or credited in Other Comprehensive Profit/(Loss). In these cases, the tax effect is recognized directly in the Other Comprehensive Profit/(Loss).

Other taxes not related to income such as property taxes are included among the other overheads.

Deferred taxes are stated according to the full liability method. These are calculated on all temporary differences arising between the taxable base of an asset or liability and its carrying amount in the consolidated statement of financial position. The deferred tax assets on tax losses and on temporary differences are stated to the extent in which it is probable that there is a future taxable income on which these can be recovered. Deferred tax assets and liabilities are determined with the tax rates that are expected to be applicable in the relevant tax systems of the countries in which the Group has operations, in the periods in which temporary differences will be realized or written off.

EARNINGS PER SHARE

The base earnings per share is calculated by dividing the Profit/(Loss) attributable to shareholders of the parent company by the weighted average of ordinary shares in circulation during the period, minus treasury shares. For the purpose of calculating diluted profit per share, said value has not changed because Fidia has not issued capital instruments with dilutive effects.

USE OF ESTIMATES

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors deemed relevant. The results that will be stated in the closing balance could hence differ from said estimates. The estimates and assumptions are periodically revised and effects of each change are recognized in profit or loss in the period in which the estimate is revised if the revision has effects on said period or in following periods if the revisions has effects both on the current period and on future periods.

In this context, persistently weak economic growth makes the future outlook uncertain. Therefore, it cannot be ruled out that in the next period there will be results other than those estimated and that adjustments may be needed in the carrying amount of the relevant items. Of course, to date, these can be neither estimated nor foreseen. The balance sheet items mainly affected by said situations of uncertainty are bad debt provisions and provisions for slow-moving/obsolete inventories, non-current assets (tangible and intangible assets), termination benefits, product warranty, pre-paid taxes and potential liabilities.

A summary follows of the critical evaluation processes and key assumptions used in managing the application of the accounting standards to future quantities and which can have significant effects on the amounts stated in the consolidated statement of financial position or for which there is the risk that significant value adjustments need to be made to the carrying amount of the assets and liabilities in the period following the one of reference of the statement of financial position.

Recoverable value of non-current assets

The management periodically revises the carrying amount of the non-current assets held and used and of the assets that must be divested when facts or circumstances call for said revision.

When the carrying amount of a non-current asset registers a loss in value, the Group states a write-down for the excess amount between the carrying amount of the asset and the recoverable value through its use or sale.

The losses incurred in the last four periods, the crisis in some sectors where the Group operates - aggravated by the spread of the Covid-19 pandemic that has produced tensions and slowdowns in characteristic markets - and the Group's level of indebtedness resulting in the request by the parent company Fidia S.p.A. for admission to the arrangement procedure pursuant to Article 161, paragraph 6, of the Bankruptcy Law (Royal Decree 267/1942) were considered indicators of impairment. Therefore, an impairment test was conducted on the value of non-current assets of the Fidia Group.

In accordance with IAS 36, management has identified the "Fidia Group" CGU as the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows generated by other assets or groups of assets. In fact, although for the purposes of segment reporting, three business segments (HSM, CNC, Service) have been identified, given the close interdependence between them, the smallest cash generating unit is the Group as a whole.

At 31 December 2021, the recoverable amount of the Fidia Group CGU was tested for impairment in order to verify the existence of any impairment losses, by comparing the carrying amount of the unit (the net invested capital of the CGU) and the value in use, i.e., the present value of expected future cash flows that are expected to arise from its continued use and disposal at the end of its useful life.

The value in use was determined by discounting back the cash flows in the Group's business plan, approved by the Board of Directors of Fidia SpA and covering the period 2022-2025. The assumptions used in forecasting cash flows for the explicit forecast period were based on prudent assumptions and using future realistic and achievable expectations.

In particular, the Group business plan used to verify the recoverability of the non-current assets of the Fidia Group CGU is consistent with the Arrangement Plan of Fidia S.p.A. filed on 29 September 2021 with the Court of Ivrea within the framework of the arrangement as a going concern; this plan has been appropriately adjusted to consider the final 2021 data available as at the date, also neutralising the effects deriving from the possible approval of the arrangement (by way of example, the contingent asset following the write-off of debts admitted to the procedure has not been considered), in line with the provisions of accounting standard IAS 36 in paragraph 33(b).

In order to determine the value in use of the five the CGU, the discounted cash flows of five years of explicit forecast plus a terminal value were taken into account; the latter value was determined by using the criterion of discounting the perpetuity. The discount rate applied to the prospective cash flows was 7.91%, calculated taking into consideration the industry in which the CGU operates, the countries in which the CGU expects to achieve its planned results, the debt structure when fully operational, and the current economic situation. For cash flows after the explicit projection period, a prudential growth rate of 0% was assumed.

The determination of the value in use according to the process illustrated led to a recoverable amount higher than the carrying amount of the cash generating unit, allowing no reduction in the value of assets at 31 December 2021.

Compared to the basic assumptions just described, a sensitivity analysis on the results was also carried out compared to the WACC and the forecast results. In particular, even with increases in the cost of capital, the values in use do not show impairment losses. In fact, the WACC that would make the recoverable value of the CGU equal to its carrying amount would be equal to the discount rate used in the base case, increased by 345bps.

At the end of the test at 31 December 2021, the CGU's value in use was greater than its carrying amount of €3.2 million.

Bad debts provision

Bad debts provision reflects the management's estimate on the possible loss in the portfolio of receivables from customers. The estimate of the bad debts provision is based on the loss expected by the Group, determined in light of its past experience in similar receivables, of current and historical delinquent accounts, of losses and revenues, of the careful monitoring of credit quality and forecasts on economic and market conditions.

Provisions for slow-moving inventory

Provisions for slow-moving/obsolete inventories reflect the management's estimation of loss of value expected by the Group, determined based on past experience and on a critical analysis of the stock movements.

Product warranty

When a product is sold, the Group allocates provisions for the estimated product warranty costs. The management determines the value of said provisions based on historical information on the nature, frequency and mean cost of warranty works. The Group is committed to constantly improve the quality of its products in order to maximize customer satisfaction and reduce the impact of expenses due to warranty work to a minimum.

Termination benefits

For the evaluation of termination benefits, the management uses various statistical assumptions and evaluation factors in order to anticipate future events for the calculation of expenses and liabilities for said provisions. The assumptions regard the discount rate and future inflation rate. Moreover, the Group's actuaries use subjective factors such as mortality and resignation rates, as well as rates concerning requests for advances.

Contingent liabilities

The Group is potentially subject to legal and tax disputes on the vast body of issues that fall under the jurisdiction of various countries. Considering the uncertainties relating to said issues, it is difficult to accurately foresee the outlay resulting from said potential disputes. In the normal course of business, the management consults its legal and tax experts. The Group states a liability for said disputes when it deems that it is probable that there will be a financial outlay and when the resulting amount of loss can be reasonably estimated. If the financial outlay becomes possible, but it is not possible yet to determine the amount, said fact is reported in the Notes to the Financial Statements

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AT 1 JANUARY 2021

Accounting standards, amendments and interpretations adopted from 1 January 2021

Consistent with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), the IFRS standards in effect at 01/01/2021 are outlined and briefly explained below.

- On 13/01/2021, the European Commission issued Regulation No. 2021/25 endorsing the document "Interest rate Benchmark Reform - Phase 2," applicable as of 01/01/2021, containing amendments to, inter alia, the following standards: "IFRS 9 - Financial Instruments," "IFRS 7 - Financial Instruments: Disclosures", "IFRS 16 - Leases". The amendments provide for a specific accounting treatment that spreads changes in the value of financial instruments or leases due to the replacement of the reference index used to determine interest rates over time, thus avoiding immediate repercussions on operating income and disruptions in hedging relationships as a result of the replacement of the reference index used to determine interest rates.
- On 31/03/2021, the IASB issued the document "Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021"; this document was published on 30 August 2021 in the Official Journal of the European Union. The amendment increases by twelve months, from 30/06/2021 to 30/06/2022, the period of application of the practical expedient, introduced on 28/05/2020, for accounting for rent concessions related to COVID-19.
The amendment is effective from 01/04/2021.

The adoption of these amendments/interpretations did not affect the consolidated financial statements at 31/12/2021.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT APPLICABLE YET AND NOT ADOPTED IN ADVANCE BY THE GROUP

At the reporting date of this Annual Financial Report, the following standards have been endorsed by the European Union but not yet mandatorily applicable.

On 14/05/2020, the IASB published the following amendments, effective for reporting periods beginning on, or after 01/01/2022:

- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract," aimed at clarifying how to determine whether a contract is onerous. The amendment clarifies that in estimating whether a contract is onerous, it is necessary to consider all costs directly attributable to the contract, including incremental costs and all other costs that the company cannot avoid as a result of entering into the contract.
- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use," aimed at defining that the revenues from the sale of goods produced by an asset, before it is ready for its intended use, are charged to profit or loss together with the related production costs.
- Amendments to IFRS 3 "Reference to the Conceptual Framework. The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without resulting in changes to the provisions of the standard.
- Issuance of the document "Annual Improvements to IFRS Standards 2018-2020 Cycle," containing amendments, mainly concerning technical and drafting issues, to the following international accounting standards, "IFRS 1 - First-time Adoption of International Financial Reporting Standards," "IFRS 9 - Financial Instruments," "IAS 41 - Agriculture," and illustrative examples of "IFRS 16 - Leases."

These amendments have been approved to date following their publication on 02/07/2021 in the Official Journal of the European Union.

The Group will adopt such new standards, amendments and interpretations, based on the expected date of application.

Any impact of the new standards/interpretations on the Group's consolidated financial statements is still being assessed.

Accounting standards and interpretations issued by the IASB and not yet endorsed by the European Union

At the reporting date of this Annual Financial Report, the following standards have been issued by the IASB and not yet endorsed by the European Union.

On 23/01/2020, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current" to clarify the requirements for classifying liabilities as "current" or "non-current." More specifically, the amendments (i) specify that the conditions existing at the end of the reporting period are to be used to determine whether there is a right to defer settlement of a liability; (ii) specify that management's expectations of events after the reporting date are not relevant; and (iii) clarify the situations to be considered as settlement of a liability. The amendments take effect on 01/01/2023.

On 18/05/2017, the IASB issued the standard "IFRS 17 - Insurance Contracts" intended to replace the current "IFRS 4 - Insurance Contracts." The new standard, applicable from reporting periods beginning on or after 01/01/2023, governs the accounting treatment of insurance contracts issued and reinsurance contracts held.

On 12/02/2021, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies." The purpose of the amendments is to develop guidelines and examples to help companies apply a materiality judgment in disclosing accounting standards. The amendments to IFRS Practice Statement 2, on the other hand, provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for reporting periods beginning on or after 01/01/2023.

On 12/02/2021, the IASB issued "Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates." The amendments provide some clarification regarding the distinction between changes in accounting estimates and changes in accounting policies: the former are applied prospectively to future transactions and other future events; the latter are generally also applied retrospectively to past transactions and other past events. Amendments are effective from reporting periods beginning on or after 01/01/2023.

On 07/05/2021, the IASB issued the document "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The paper addresses from a practical point of view on the application of the exemption provided by paragraphs No. 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability upon initial recognition and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition under IAS 12 would not apply to transactions that, upon execution, give rise to equal and offsettable amounts in terms of taxable and deductible temporary differences. Amendments are effective from reporting periods beginning on or after 01/01/2023. The Group will adopt such new standards, amendments and interpretations, based on the expected date of application.

Any impact of the new standards/interpretations on the Group's consolidated financial statements is still being assessed.

RISK MANAGEMENT

The Group is exposed to financial risks related to its operations and in particular to those relating to:

- Credit risk;
- Liquidity risk;
- Market risk.

The Group specifically monitors each of said financial risks and takes action to timely reduce these to a minimum also by resorting to hedging derivatives relating to market risks.

The Board of Directors sets forth the risk management policy and provides for the creation of a Group risk management system.

For more details, see Note 29.

CONSOLIDATION AREA

The Group Consolidated Financial Statements at 31 December 2021 include Fidia S.p.A. and 8 consolidated subsidiaries, of which Fidia S.p.A. directly holds the majority of votes and over which it has control.

The companies comprised in the consolidation area are listed below:

| Name / Place of business | Currency | Share Capital | Size of interest 2021 | Size of equity investment 2020 |
|---|----------|---------------|-----------------------|--------------------------------|
| Fidia GmbH, Dreiech - Germany | EUR | 520,000 | 100% | 100% |
| Fidia Co, Rochester Hill - U.S.A. | USD | 400,000 | 100% | 100% |
| Fidia Sarl, Emerainville – France | EUR | 300,000 | 100% | 100% |
| Fidia Iberica S.A., Zamudio - Spain | EUR | 180,300 | 99.993% | 99.993% |
| Fidia do Brasil Ltda, Sao Paulo - Brazil | Reals | 399,843 | 99.75% | 99.75% |
| Beijing Fidia M&E Co Ltd, Beijing - China | Rmb | 12,814,480 | 100.00% | 100.00% |
| Shenyang Fidia NC & Machine Company Ltd, Shenyang – China | Rmb | 42,517,648 | 51.00% | 51.00% |
| OOO Fidia, Moscow, Russian Federation | Rouble | 3,599,790 | 100% | 100% |

There was no change in the consolidation area compared to the consolidated financial statements at 31 December 2021.

It should also be noted that Fidia Sarl is 100% subsidiary of the parent company Fidia SpA (directly through its 93.19% interest and indirectly through its 6.81% interest held in Fidia GmbH).

Content and main changes

INCOME STATEMENT

1. NET SALES

The breakdown of turnover by geographical area is provided in the table below. Please be noted that sales abroad account for 92.1% of total sales.

| Revenue by geographical area (€thousand) | FY2021 | % | FY2020 | % |
|--|---------------|-------------|---------------|-------------|
| Italy | 1,882 | 7.9% | 3,519 | 16.6% |
| Europe | 9,490 | 39.8% | 4,451 | 21.0% |
| Asia | 5,764 | 24.2% | 5,079 | 23.9% |
| North and South America | 6,694 | 28.1% | 8,190 | 38.6% |
| Rest of the World | 7 | 0% | 0 | 0% |
| Total revenue | 23,837 | 100% | 21,239 | 100% |

Turnover by line of business are illustrated more in detail in the following table:

| Revenues by line of business (€ thousand) | FY2021 | % | FY2020 | % |
|---|---------------|-------------|---------------|-------------|
| Numerical controls, drives and software | 1,519 | 6.4% | 1,354 | 6.4% |
| High-speed milling systems | 10,383 | 43.6% | 9,175 | 43.2% |
| After-sales service | 11,935 | 50.1% | 10,710 | 50.4% |
| Total revenue | 23,837 | 100% | 21,239 | 100% |

2. OTHER REVENUES AND INCOME

This item comprises:

| (€thousand) | FY2021 | FY2020 |
|---|--------------|--------------|
| Contributions for operating expenses | 451 | 335 |
| Contingent assets | 37 | 139 |
| Gain from tangible assets | 28 | 263 |
| Recovery of costs incurred | 24 | 27 |
| Insurance refunds | 226 | 7 |
| Release of warranty and other provisions | 338 | 938 |
| Other miscellaneous revenues and earnings | 339 | 414 |
| Total | 1,444 | 2,123 |

Other revenues and income amounted to €1,444 thousand (€2,123 thousand in 2020), down from the previous year.

This item includes €451 thousand (€335 thousand at 31 December 2020) relating to grants for research projects recognized by year of accrual in profit or loss of the parent company Fidia S.p.A. at 31 December 2021 and allocated by the European Union and the Italian Ministry of University and Research. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.

3. RAW MATERIALS

These are:

| (€thousand) | FY2021 | FY2020 |
|---|--------------|--------------|
| Production materials | 4,744 | 3,815 |
| Service materials | 1,137 | 606 |
| Consumables | 44 | 51 |
| Equipment and software | 4 | 5 |
| Packaging | 161 | 111 |
| Others | 73 | 81 |
| Change in inventory raw materials and consumables | 899 | 1,289 |
| Total | 7,061 | 5,956 |

The increase in costs for raw materials and other materials substantially reflects the increase in revenues for the period and the increase in the cost of raw materials.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €10,338 thousand versus €10,996 thousand of the year before and consist of:

| (€thousand) | FY2021 | FY2020 |
|--------------------------|---------------|---------------|
| Wages and salaries | 7,671 | 8,203 |
| Social security charges | 2,094 | 2,179 |
| TFR | 351 | 398 |
| Other personnel expenses | 222 | 216 |
| Total | 10,338 | 10,996 |

Personnel expenses were slightly lower than in the previous year (- 6.0) % equal to a reduction of about €658 thousand) and the Group's workforce was on average about 16.4% lower.

Due to higher revenue, the overall incidence of cost of labour in relation to the value of production decreased from 51.8% in 2020 to 43.4% in the current year.

As noted above, the COVID Emergency Ordinary Redundancy Benefits were extended for the first two quarters of the year 2021. As of July 2021, the Extraordinary Redundancy Benefits, as an exception pursuant to Decree Law 73/2021, the so-called Decreto Sostegni bis, was activated for the San Mauro and Forlì sites, following an agreement with trade union representatives. The use of these redundancy arrangements is in line with the cost containment actions taken by Management to cope with the current situation of reduced demand, including as a result of the pandemic.

The change recorded in 2021 in the number of employees, broken down by category, is illustrated below:

| | 31 December 2020 | Inbound | Outbound | Change | 31 December 2021 | Period average |
|------------------------------------|------------------|----------|-------------|----------|------------------|----------------|
| Executives | 11 | 1 | (3) | - | 9 | 10 |
| Office workers and middle managers | 218 | 2 | (50) | - | 170 | 194 |
| Workers | 42 | - | (4) | - | 38 | 40 |
| Total | 271 | 3 | (57) | - | 217 | 244 |

5. OTHER OPERATING COSTS

Other operating costs of €7,193 thousand were up €203 thousand from €6,990 thousand at 31 December 2021; they are detailed in the table below:

| (€thousand) | FY2021 | FY2020 |
|---|--------------|--------------|
| Outsourced work | 521 | 531 |
| Travel expenses | 722 | 994 |
| Transportation and customs | 641 | 626 |
| Rent paid for offices and plants (contracts not falling under IFRS16) | 184 | 240 |
| Technical, legal and administrative consulting | 1,813 | 1,207 |
| Utilities | 390 | 352 |
| Commissions | 240 | 183 |
| Car rental expenses | 55 | 67 |
| Warranty provisions | 240 | 264 |
| Other provisions | 80 | - |
| Auditors' emoluments | 71 | 97 |
| Insurance | 336 | 428 |
| Advertising, trade fairs and other commercial costs | 2 | 9 |
| Non-income taxes | 194 | 217 |
| Maintenance and housekeeping | 128 | 149 |
| Personnel-related expenses | 139 | 161 |
| Bank services | 68 | 76 |
| Motor vehicle management expenses | 61 | 71 |
| Bad debts | - | 39 |
| Costs related to stock market listing | 93 | 143 |
| Costs for repairs and interventions | 893 | 466 |
| Research project costs | 85 | 116 |
| Entertainment expenses | 4 | 6 |
| Contributions and payments | 37 | 30 |
| Contingent liabilities | 93 | 46 |
| Penalties and surcharges | 3 | 14 |
| Others | 99 | 458 |
| Total | 7,193 | 6,990 |

The increase compared to last year is due to the increase in costs for repairs and works of +91%, and the increase in costs for technical, legal and administrative advice related to bankruptcy proceedings, net of the reduction in travel expenses and the decrease in miscellaneous costs unrelated to production activities.

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

| (€thousand) | FY2021 | FY2020 |
|---|--------------|--------------|
| Amortisation of intangible fixed assets | 448 | 295 |
| Amortisation of property, plant and equipment | 1,474 | 1,764 |
| Write-down of trade receivables | 65 | 854 |
| Write-down of intangible fixed assets | 11 | 648 |
| Total | 1,998 | 3,561 |

Amortization of tangible and intangible assets was carried out according to the rates already described above. Bad debts consist of the estimate of possible outstanding credits. Said provisions along with the existing reserves are considered commensurate to possible cases of insolvency.

The write-down of intangible assets, amounting to €11 thousand, represents the write-down of development costs measured at their recoverable value.

7. NON-RECURRING REVENUE

There is no non-recurring revenue in 2021, as there was in 2020.

8. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

| (€thousand) | FY2021 | FY2020 |
|--|--------------|--------------|
| Finance revenue | 17 | 28 |
| Finance expenses | (382) | (550) |
| Net profit (loss) on derivatives | - | 1 |
| Profit (loss) from foreign currency transactions | (338) | 212 |
| Total | (702) | (309) |

In the period 2021, the balance of finance revenue (expenses) was negative, amounting to €702 thousand (€309 thousand in the previous period).

Finance revenue consists of:

| (€thousand) | FY2021 | FY2020 |
|-------------------------------|-----------|-----------|
| Interests received from banks | 7 | 13 |
| Other interests received | 10 | 15 |
| Total | 17 | 28 |

Finance expenses consist of:

| (€thousand) | FY2021 | FY2020 |
|--|--------------|--------------|
| Interest expense on loans from banks and leasing companies | (328) | (419) |
| Interest paid on M/L-term borrowings from banks | (4) | (34) |
| Finance expenses on termination benefits | (2) | (7) |
| Other finance expenses | (49) | (90) |
| Total | (382) | (550) |

Net profit and loss on derivatives:

| (€thousand) | FY2021 | FY2020 |
|--|----------|----------|
| Finance income on derivative instruments for Fair Value adjustment | | |
| - Fair value adjustment on IRS and IRC contracts | - | 1 |
| Total | - | 1 |

Expenses and income on derivative instruments include the fair value measurement of an interest rate swap contract entered into by the parent company Fidia S.p.A. to hedge the risk of interest rate fluctuations on a real estate lease contract.

Profit (loss) on foreign currency transactions consists of:

| (€thousand) | FY2021 | FY2020 |
|----------------------------|--------------|------------|
| Realised exchange gains | 424 | 332 |
| Unrealised exchange gains | 152 | 237 |
| Realised exchange losses | (647) | (321) |
| Unrealised exchange losses | (267) | (36) |
| Total | (338) | 212 |

9. INCOME TAX

Taxes stated in the consolidated statement of comprehensive income were:

| (€thousand) | FY2021 | FY2020 |
|------------------------------------|------------|-------------|
| Income tax: IRES and IRAP | - | - |
| Income tax of foreign subsidiaries | 12 | (34) |
| Taxes relating to prior periods | (8) | (19) |
| Deferred tax assets | (203) | (33) |
| Deferred taxes | 437 | (6) |
| Total | 238 | (92) |

The reduction in current taxes reflects lower taxable income realised by the parent company and some subsidiaries compared with the previous year (in particular, the parent company Fidia Spa realised a tax loss for both IRAP and IRES purposes).

At 31 December 2021, the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

| (€thousand) | 31 December 2021 | 31 December 2020 |
|--------------------------|------------------|------------------|
| Deferred tax assets | 1,235 | 1,013 |
| Deferred tax liabilities | (521) | (84) |
| Total | 714 | 929 |

Assets for pre-paid taxes were allocated by every Group company by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated tax plans.

In all, pre-paid tax assets and deferred tax liabilities, broken down by type, are as follows:

| (€thousand) | At 31/12/2020 | Recognised in profit or loss | Stated in equity | Other changes | Exchange rate differences | At 31/12/2021 |
|--|---------------|------------------------------|------------------|---------------|---------------------------|---------------|
| Pre-paid taxes for: | | | | | | |
| Application of IFRS 15 | - | 404 | - | - | - | 404 |
| Application of IAS 19 | 130 | (10) | 19 | - | - | 139 |
| Application of IAS 16- <i>Property, plant and</i> | 12 | (1) | - | - | 1 | 12 |
| Loss from previous periods | 357 | (81) | - | - | 3 | 279 |
| Write-down provisions | 329 | (69) | - | - | 21 | 281 |
| Cash flow hedge reserve | 69 | - | (32) | - | - | 37 |
| Miscellaneous | 116 | (40) | - | - | 8 | 85 |
| Total deferred tax assets | 1,013 | 203 | (13) | - | 33 | 1,236 |
| Deferred tax liabilities for: | | | | | | |
| Application of IFRS 15 | - | 312 | - | - | - | 312 |
| Fair value measurement | 24 | (5) | - | - | - | 19 |
| Miscellaneous | 60 | 130 | - | - | - | 190 |
| Total deferred taxes | 84 | 437 | - | - | - | 521 |

The comprehensive value of tax loss at 31 December 2021 and the relevant amounts for which no assets for pre-paid taxes, divided by year due, are stated below (for Fidia SpA only).

| (€thousand) | At 31 December 2021 | Year due | | | | | Unlimited or unforeseeable |
|-------------|---------------------|----------|------|------|------|------------|----------------------------|
| | | 2021 | 2022 | 2023 | 2024 | After 2025 | |
| Tax loss | | 10,996 | - | - | - | - | 10,996 |

10. Earnings per share

The calculation of the earnings per share is based on the following data:

| | | 2021 | 2020 |
|---|-----------|-----------|-----------|
| Net earnings pertaining to Group | €thousand | (3,202) | (5,708) |
| Profit/(loss) of ordinary shares | €thousand | (3,202) | (5,708) |
| Mean number of ordinary shares in circulation in the period | Number | 5,113,000 | 5,113,000 |
| Earning per share | EUR | (0.626) | (1.116) |
| Diluted earnings per ordinary share | EUR | (0.626) | (1.116) |

There was no difference between the Earnings per share and Diluted earnings per share because Fidia S.p.A. does not have any potentially dilutive transactions.

Statement of financial position

11. PROPERTY, PLANT AND EQUIPMENT

During 2021 the changes in the net carrying amount of Property, plant and equipment were as follows:

| (€thousand) | Land and buildings | Total plant, machinery and equipment | Other assets | Assets under construction and advances | Total |
|--|--------------------|--------------------------------------|--------------|--|---------------|
| Net carrying amount at 01/01/2021 | 10,118 | 340 | 766 | 2 | 11,227 |
| Increases and acquisitions | 96 | 5 | 49 | - | 150 |
| Reclassifications/transfers | - | - | (2) | - | (2) |
| Decreases and disposals | - | - | (5) | - | (5) |
| Amortisation | (989) | (147) | (338) | - | (1,474) |
| (Write-downs)/Write-backs | - | - | - | - | - |
| Foreign exchange gain/(loss) | 116 | 1 | 14 | - | 131 |
| Net carrying amount at 31/12/2021 | 9,341 | 199 | 484 | 2 | 10,027 |
| Of which rights of use: | | | | | |
| Net value at 31 December 2020 | 9,002 | - | 301 | - | 9,303 |
| Increases | 96 | - | 21 | - | 117 |
| Net decreases | - | - | - | - | - |
| Amortisation | (950) | - | (184) | - | (1,134) |
| Foreign exchange gain/(loss) | 55 | - | - | - | 55 |
| Net carrying amount at 31/12/2021 | 8,203 | - | 138 | - | 8,341 |

In 2021 and 2020 the changes in original cost of Property, Plant and Equipment were as follows:

| (€thousand) | Opening balance at 31/12/2020 | | | Changes in period | | | | | Balance at 31/12/2021 |
|---|-------------------------------|--------------|---------------|-------------------|--------------|-----------------------------|---------------------------|--------------|-----------------------|
| | Purchase cost | Revaluations | Total | Additions | Decreases | Net change in rights of use | Exchange rate differences | Total | |
| Land and buildings | 13,260 | 0 | 13,260 | - | - | (26) | 208 | 182 | 13,443 |
| Lightweight constructions | 9 | 0 | 9 | - | - | - | - | - | 9 |
| Total property | 13,269 | 0 | 13,269 | - | - | (26) | 208 | 182 | 13,452 |
| Plant and equipment | 1,990 | 0 | 1,990 | - | (129) | - | 11 | (118) | 1,872 |
| Industrial equipment | 2,684 | 0 | 2,684 | 4 | (1) | - | 29 | 32 | 2,716 |
| Electrical tools | 977 | 0 | 977 | - | (3) | - | 8 | 5 | 982 |
| Total plant, machinery and equipment | 5,651 | 0 | 5,651 | 4 | (133) | - | 48 | (81) | 5,570 |
| Furnishing | 1,251 | 0 | 1,251 | 1 | (1) | - | 16 | 16 | 1,266 |
| Electronic equipment | 1,712 | 0 | 1,712 | 9 | (114) | - | 25 | (80) | 1,632 |
| Means of transportation | 1,990 | 0 | 1,990 | 18 | (175) | (254) | 52 | (359) | 1,631 |
| Total other goods | 4,952 | 0 | 4,952 | 28 | (290) | (254) | 93 | (423) | 4,529 |
| Work in progress | 2 | 0 | 2 | - | - | - | - | - | 2 |
| Total original cost of property, plant and equipment | 23,874 | 0 | 23,874 | 32 | (423) | (280) | 349 | (322) | 23,553 |

| (€thousand) | Opening balance at 31/12/2019 | Changes in period | Balance |
|-------------|-------------------------------|-------------------|---------|
|-------------|-------------------------------|-------------------|---------|

| | Purchase Price | Revaluations | Total | First-time adoption IFRS 16 | Balance 1.1.2020 | Additions | Decreases | Net change in rights of use | Exchange rate differences | Total | 31.12.2020 |
|---|----------------|--------------|---------------|-----------------------------|------------------|-----------|--------------|-----------------------------|---------------------------|--------------|---------------|
| Land and buildings | 13,012 | 380 | 13,392 | 0 | 13,392 | - | (269) | 274 | (137) | (132) | 13,260 |
| Lightweight constructions | 11 | 0 | 11 | 0 | 11 | - | (2) | - | - | (2) | 9 |
| Total property | 13,403 | 380 | 13,403 | 0 | 13,403 | - | (271) | 274 | (137) | (131) | 13,269 |
| Plant and equipment | 2,435 | 0 | 2,435 | 0 | 2,435 | - | (51) | (382) | (12) | (445) | 1,990 |
| Industrial equipment | 2,686 | 0 | 2,686 | 0 | 2,686 | 9 | - | - | (11) | (2) | 2,684 |
| Electrical tools | 977 | 0 | 977 | 0 | 977 | 9 | - | - | (9) | - | 977 |
| Total plant, machinery and equipment | 6,098 | 0 | 6,098 | 0 | 6,098 | 18 | (51) | (382) | (32) | (447) | 5,651 |
| Furnishing | 1,308 | 0 | 1,308 | 0 | 1,308 | 1 | (43) | - | (16) | (57) | 1,251 |
| Electronic equipment | 1,732 | 0 | 1,732 | 0 | 1,732 | 12 | (3) | - | (29) | (20) | 1,712 |
| Means of transportation | 2,127 | 0 | 2,127 | 0 | 2,127 | 42 | (91) | (46) | (42) | (137) | 1,990 |
| Total other goods | 5,167 | 0 | 5,167 | 0 | 5,167 | 55 | (137) | (47) | (87) | (216) | 4,952 |
| Work in progress | 3 | 0 | 3 | 0 | 3 | - | - | - | (1) | (1) | 2 |
| Total original cost of property, plant and equipment | 24,291 | 380 | 24,671 | 0 | 24,671 | 73 | (459) | (154) | (257) | (797) | 23,874 |

In 2021 and 2020, the changes in the relevant accrued depreciation were the following:

| (€thousand) | Opening balance 1.1.2021 | Changes in period | | | | | | Closing balance 31.12.2021 |
|--|--------------------------|-------------------------------|--------------|-------------------------------|--------------|------------------------------|--------------|----------------------------|
| | | Amortisation historical value | | Amortisation of rights of use | | Foreign exchange gain/(loss) | Total | |
| | | Depr./Amort is. | Utilisations | Depr./Amort is. | Utilisations | | | |
| Land and buildings | 3,145 | 39 | - | 950 | (122) | 92 | 959 | 4,104 |
| Lightweight constructions | 7 | - | - | - | - | - | - | 7 |
| Total property | 3,152 | 39 | - | 950 | (122) | 92 | 959 | 4,111 |
| Plant and equipment | 1,843 | 42 | (128) | - | - | 9 | (77) | 1,766 |
| Industrial equipment | 2,509 | 99 | (1) | - | - | 29 | 127 | 2,636 |
| Electrical tools | 959 | 6 | (3) | - | - | 8 | 11 | 970 |
| Total plant, machinery and equipment | 5,311 | 147 | (132) | - | - | 46 | 61 | 5,372 |
| Furnishing | 1,069 | 28 | (1) | - | - | 13 | 40 | 1,109 |
| Electronic equipment | 1,654 | 25 | (113) | - | - | 24 | (64) | 1,590 |
| Means of transportation | 1,461 | 99 | (172) | 184 | (273) | 45 | (117) | 1,345 |
| Total other goods | 4,184 | 152 | (286) | 184 | (273) | 82 | (141) | 4,044 |
| Total accrued depreciation of property, plant and equipment | 12,648 | 338 | (418) | 1,134 | (395) | 220 | 879 | 13,527 |

| (€thousand) | Opening balance 1.1.2020 | Changes in period | | | | | Total | Closing balance 31.12.2020 |
|--|-----------------------------|-------------------------------|--------------|-------------------------------|--------------|------------------------------|-------|-------------------------------|
| | | Amortisation historical value | | Amortisation of rights of use | | | | |
| | | Depr./Amortis. | Utilisations | Depr./Amortis. | Utilisations | Foreign exchange gain/(loss) | | |
| Land and buildings | 2,448 | 90 | (268) | 976 | (66) | (35) | 697 | 3,145 |
| Lightweight constructions | 8 | - | (1) | - | - | - | (1) | 7 |
| Total property | 2,456 | 90 | (269) | 976 | (66) | (35) | 696 | 3,152 |
| Plant and equipment | 1,991 | 45 | (51) | 56 | (187) | (11) | (148) | 1,843 |
| Industrial equipment | 2,371 | 148 | - | - | - | (10) | 138 | 2,509 |
| Electrical tools | 960 | 8 | - | - | - | (9) | (1) | 959 |
| Total plant, machinery and equipment | 5,322 | 201 | (51) | 56 | (187) | (30) | (11) | 5,311 |
| Furnishing | 1,095 | 29 | (42) | - | - | (13) | (26) | 1,069 |
| Electronic equipment | 1,647 | 37 | (3) | - | - | (27) | 7 | 1,654 |
| Means of transportation | 1,322 | 84 | (91) | 291 | (115) | (31) | 138 | 1,461 |
| Total other goods | 4,064 | 150 | (136) | 291 | (115) | (71) | 119 | 4,184 |
| Total accrued depreciation of property, plant and equipment | 11,844 | 441 | (456) | 1,323 | (368) | (136) | 804 | 12,648 |

The net carrying amount of Property, Plant and Equipment at 31 December 2021 can be broken down as follows:

| (€thousand) | Opening balance 31.12. 2020 | Changes in period | | | | | | | | Closing balance 31.12. 2021 |
|---|-----------------------------------|-------------------|------------|------------------------------|-------------------|----------------|-----------------------------|---------------------------|----------------|-----------------------------------|
| | | Additions | Disposals | (Write-downs) Write-backs | Reclassifications | Amortisation | Net change in rights of use | Exchange rate differences | Total | |
| Land and buildings | 10,115 | - | - | - | - | (989) | 96 | 116 | (776) | 9,338 |
| Lightweight constructions | 2 | - | - | - | - | - | - | - | - | 3 |
| Total property | 10,117 | - | - | - | - | (989) | 96 | 116 | - | 9,341 |
| Plant and equipment | 147 | - | (1) | - | - | (42) | - | 2 | (41) | 106 |
| Industrial equipment | 175 | 5 | - | - | - | (99) | - | - | (94) | 81 |
| Electrical tools | 18 | - | - | - | - | (6) | - | - | (6) | 12 |
| Total plant, machinery and equipment | 340 | 5 | (1) | - | - | (147) | - | 2 | (141) | 199 |
| Furnishing | 181 | 1 | - | - | - | (28) | - | 3 | (24) | 157 |
| Electronic equipment | 58 | 9 | (1) | - | - | (25) | - | 1 | (16) | 42 |
| Means of transportation | 528 | 18 | (3) | - | (2) | (285) | 21 | 9 | (242) | 286 |
| Total other goods | 767 | 28 | (4) | - | (2) | (338) | 21 | 13 | (282) | 485 |
| Work in progress | 2 | - | - | - | - | - | - | - | - | 2 |
| Total net value of property, plant and equipment | 11,226 | 33 | (5) | - | (2) | (1,474) | 117 | 131 | (1,199) | 10,027 |

The net carrying amount of Property, Plant and Equipment at 31 December 2020 can be broken down as follows:

| (€thousand) | Opening balance 31.12. 2020 | First-time adoption IFRS 16 | Opening balance 1.1.2020 | Changes in period | | | | | | | | Closing balance 31.12. 2020 |
|--|-----------------------------------|-----------------------------------|--------------------------------|-------------------|-----------|------------------------------|-------------------|--------------|--------------------------------|---------------------------------|---------|--------------------------------------|
| | | | | Additions | Disposals | (Write-downs) Write-backs | Reclassifications | Amortisation | Net change in rights of use | Exchange rate differences | Total | |
| Land and buildings | 10,944 | | 10,944 | - | (1) | - | - | (1,066) | 340 | (102) | (829) | 10,115 |
| Lightweight constructions | 3 | | 3 | - | (1) | - | - | - | - | - | (1) | 2 |
| Total property | 10,947 | | 10,947 | - | (2) | - | - | (1,066) | 340 | (102) | (830) | 10,117 |
| Plant and equipment | 444 | | 444 | - | - | - | - | (101) | (19 5) | (1) | (297) | 147 |
| Industrial equipment | 315 | | 315 | 9 | - | - | - | (148) | - | (1) | (140) | 175 |
| Electrical tools | 17 | | 17 | 9 | - | - | - | (8) | - | - | 1 | 18 |
| Total plant, machinery and equipment | 776 | | 776 | 18 | - | - | - | (257) | (19 5) | (2) | (436) | 340 |
| Furnishing | 213 | | 213 | 1 | (1) | - | - | (29) | - | (3) | (32) | 181 |
| Electronic equipment | 85 | | 85 | 12 | - | - | - | (37) | - | (2) | (27) | 58 |
| Means of transportation | 805 | | 805 | 42 | - | - | - | (375) | 69 | (11) | (275) | 528 |
| Total other goods | 1,103 | | 1,103 | 55 | (1) | - | - | (441) | 69 | (16) | (334) | 767 |
| Work in progress | 3 | | 3 | - | - | - | - | - | - | (1) | (1) | 2 |
| Total net value of property, plant and equipment | 12,827 | | 12,827 | 73 | (3) | - | - | (1,764) | 214 | (121) | (1,601) | 11,226 |

Investments made in 2021, amounting to €33 thousand for purchased assets, consisted of physiological investments to maintain the production structure.

The remaining part of the item Increases mainly consists of rights of use following the renewal of commitments relating to real estate, with the consequent stipulation of new lease contracts, and to some vehicle lease contracts.

The value of land and buildings includes an industrial building held by the parent company that became ready for use in 2017 and has been depreciated from that date.

At 31 December 2021, the Group has no buildings burdened by collateral, but, by virtue of the lease contract entered into for the purchase of the industrial building renovated by Fidia S.p.A., this asset is in the name of the leasing company.

Capital expenditure does not include capitalized borrowing costs.

Buildings consists of the operating headquarters of Fidia S.p.A., Fidia Iberica and Fidia Co. and the rights of use of the offices of the following Group companies: Fidia GmbH, Fidia Sarl, Fidia do Brasil, Fidia Beijing and Shenyang Fidia.

Amortization of tangible assets is reported in the statement of comprehensive income under "Depreciation and amortization" (Note No. 6).

With reference to the recoverability of this item in the financial statements and the considerations regarding the impairment test carried out at 31 December 2021, please refer to the previous section "Recoverable amount of non-current assets."

12. INTANGIBLE FIXED ASSETS

The intangible assets do not comprise intangible assets with indefinite useful life.

In 2021 and 2020 the changes in net carrying amount of Intangible Assets were as follows:

| (€thousand) | Opening balance 1.1.2021 | Changes in period | | | | | Total | Closing balance at 31/12/2021 |
|---|-----------------------------|-------------------|--------------|-------------------|---------------------------|--------------------------|------------|----------------------------------|
| | | Additions | Amortisation | Reclassifications | Exchange rate differences | (Write-down) Write-backs | | |
| Development Costs | 1,299 | - | (433) | 95 | - | - | (338) | 961 |
| Licenses | 2 | - | (1) | - | - | - | (1) | 1 |
| <i>Software</i> | 22 | 10 | (15) | - | - | - | (5) | 18 |
| Work in progress | 648 | 47 | - | (95) | - | (11) | (59) | 589 |
| Total net value of intangible fixed assets | 1,972 | 57 | (449) | - | - | (11) | 403 | 1,569 |

| (€thousand) | Opening balance 1.1.2020 | Changes in period | | | | | Total | Closing balance at 31/12/2020 |
|---|-----------------------------|-------------------|--------------|-------------------|---------------------------|--------------------------|--------------|----------------------------------|
| | | Additions | Amortisation | Reclassifications | Exchange rate differences | (Write-down) Write-backs | | |
| Development Costs | 876 | - | (278) | 701 | - | - | 423 | 1,299 |
| Licenses | 6 | - | (4) | - | - | - | (4) | 2 |
| <i>Software</i> | 26 | 9 | (13) | - | - | - | (3) | 22 |
| Work in progress | 1,693 | 305 | - | (701) | - | (648) | (1,045) | 648 |
| Total net value of intangible fixed assets | 2,601 | 314 | (295) | - | - | (648) | (629) | 1,972 |

Development costs incurred and capitalised at 31 December 2021 amounted to €961 thousand; they related to projects not yet amortised (as they had not yet been completed) and projects completed and reclassified at the end of the period, which have therefore not yet begun to produce the related benefits.

All costs of research (both basic and applied) are instead charged to profit or loss in the year they are incurred.

Intangible fixed assets in progress consist mainly of development projects that at the closing date have not yet been fully completed and whose economic benefits are expected to flow to subsequent years.

Amortization of tangible assets is recognized in profit or loss under "Depreciation and amortization" (Note No. 6).

During 2021, €11 thousand were written down referring to suspended projects, although not abandoned, pending further evaluations in the context of the new technical and commercial strategy that the new investors will undertake following the approval of the arrangement plan.

In view of the results of the impairment test carried out at 31 December 2021 on the net invested capital of Fidia SpA (refer to the section "Recoverable value of non-current assets"), there are no further impairments.

13. EQUITY INVESTMENTS

Equity investments are as follows:

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Equity investments measured with the equity method | 2 | 2 |
| Equity investments measured at fair value | 14 | 14 |
| Total interests | 16 | 16 |

Equity investments measured at fair value were:

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Probest Service S.p.A. - Milan | 10 | 10 |
| Elkargi (Fidia Iberica) | 4 | 4 |
| Total equity investments measured at fair value | 14 | 14 |

Investments measured with the equity method were as follows:

| (€thousand) | Share Capital | Size of equity investment | |
|--------------------------------------|---------------|---------------------------|------------------|
| | | 31 December 2021 | 31 December 2020 |
| Prometec Consortium - Rivoli (Turin) | 11 | 20% | 20.00% |

There is a consortium over which the Group has significant influence but not joint or several control on the financial and operating policies, as defined by IAS 28 – Investments in Associates.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets comprised the following items:

| (€thousand) | Balance 31 December 2021 | Balance 31 December 2020 |
|------------------------------|--------------------------|--------------------------|
| Security deposits | 166 | 24 |
| Receivables for foreign VAT | 19 | 12 |
| Multi-year pre-paid expenses | 5 | 12 |
| Sundry receivables | 16 | 1 |
| Total | 206 | 49 |

It is deemed that the carrying amount of other non-current receivables and assets is near fair value.

15. INVENTORY

The breakdown of the item is illustrated in the following table:

| (€thousand) | Balance 31 December 2021 | Balance 31 December 2020 |
|---|--------------------------|--------------------------|
| Raw/auxiliary materials and consumable supplies | 9,582 | 9,897 |
| Provisions for write-down of raw materials | (3,334) | (2,956) |
| Net value of raw materials, subsidiary materials and consumables | 6,248 | 6,941 |
| Semi-finished products and work in progress | 2,036 | 2,937 |
| Finished products and goods for resale | 4,169 | 4,330 |
| Finished products and goods depreciation provision | (657) | (625) |
| Net value finished products and goods | 3,511 | 3,705 |
| Advances | 1,028 | 142 |
| Total inventory | 12,823 | 13,725 |

Inventory show a decrease of €902 thousand compared to last year resulting from increased turnover.

The provisions for depreciation equivalent to €3,991 thousand (€3,581 thousand at 31 December 2020) were reported to hedge some slow-moving components; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

Hereinafter is the detail of the changes in the provisions for raw materials and finished products depreciation during the period:

| (€thousand) | Balance 31 December 2020 | Provisions/(release) | Exchange rate effect | Balance 31 December 2021 |
|--|-----------------------------|----------------------|-------------------------|--------------------------------|
| Provisions for write-down of raw materials | 2,956 | 267 | (111) | 3,334 |
| Provisions for write-down of finished products | 625 | 5 | (28) | 657 |
| Total | 3,581 | 272 | (139) | 3,991 |

16. TRADE RECEIVABLES

At 31 December 2021 these amounted to €7,395 thousand, namely €3,376 thousand higher YOY. Trade receivables are detailed as follows:

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|----------------------------------|-----------------------------|-----------------------------|
| Trade receivables from customers | 8,650 | 5,317 |
| Provision for bad debts | (1,255) | (1,298) |
| Total trade receivables | 7,395 | 4,019 |

The breakdown of gross trade receivables by maturity is as follows:

| (€thousand) | 31 December 2021 | 31 December 2020 |
|--------------------------|------------------|------------------|
| Unexpired | 1,532 | 1,918 |
| Due up to 1 month | 3,155 | 218 |
| Due 1 to 3 months | 644 | 536 |
| Due 3 months to 6 months | 1,241 | 723 |
| Due 6 months to 1 year | 157 | 661 |
| Due over 1 year | 1,921 | 1,261 |
| Total | 8,650 | 5,317 |

Receivables were aligned at the expected realisable amount by means of allocations to the provisions for write-down of receivables equal to €65 thousand. In application of IFRS 9, the Group assesses trade receivables using an expected loss approach; the Group has therefore adopted a simplified approach, whereby the provision for bad debts reflects expected losses based on the life of the receivable; in determining the provision, the Group has relied on historical experience, external indicators and prospective information.

Receivables include €230 thousand in bank receipts submitted for collection or under reserve, which were not due yet at the reporting date.

It is deemed that the net carrying amount of trade receivables is near their fair value.

The changes in the provision for bad debt illustrated below.

| (€thousand) | |
|------------------------------------|--------------|
| Balance at 31 December 2020 | 1,298 |
| Provisions in period | 65 |
| Utilisations | (122) |
| Foreign exchange gain/(loss) | 14 |
| Balance at 31 December 2021 | 1,255 |

Trade receivables from others broken down by geographical area were the following:

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-------------------------|-----------------------------|-----------------------------|
| Italy | 518 | 591 |
| Europe | 2,016 | 765 |
| Asia | 4,571 | 2,245 |
| North and South America | 1,521 | 1,699 |
| Rest of the World | 24 | 17 |
| Total | 8,650 | 5,317 |

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|---|-----------------------------|-----------------------------|
| Current tax receivables: | | |
| Receivables from tax authorities for VAT | 44 | 44 |
| Tax receivables for income tax and IRAP | 109 | 84 |
| Other tax receivables | 247 | 247 |
| Total current tax receivables | 400 | 375 |
| Other current receivables: | | |
| Research grants | 12 | 82 |
| Receivables from banking institution for undue compensation | 331 | 331 |
| Receivables from welfare organizations | 120 | 252 |
| Sundry prepayments | 149 | 193 |
| Pre-paid expenses | 10 | 11 |
| Receivables from employees | 269 | 272 |
| Advances from suppliers | 604 | 109 |
| Other current receivables | 38 | 25 |
| Total other current receivables | 1,533 | 1,275 |

There are no receivables due beyond five years.

It is deemed that the carrying amount of Other current receivables and assets is near the fair value.

18. CASH AND CASH EQUIVALENTS

The overall total of cash of the Group amounted to €5,267 thousand (€4,851 thousand at 31 December 2020). This item is composed of temporary cash on bank accounts pending future use amounting to €5,263 thousand and cash on hand and checks in the amount of €4 thousand. It is deemed that the carrying amount of the cash and cash equivalents is aligned to the fair value at reporting date.

Credit risk correlated with cash and cash equivalents is limited because the counterparts are leading Italian and international banks.

19. SHAREHOLDERS' EQUITY

The consolidated shareholders' equity at 31 December 2021 amounted to -€1,736 thousand, down by €2,461 thousand from €725 thousand at 31 December 2020. This difference is the result of:

- loss for the period (€3,496 thousand);
- positive changes in exchange rates due to translation of financial statements of subsidiaries denominated in currencies other than EUR (€1,083 thousand);
- negative effect of the accounting of actuarial change on the termination benefits net of the theoretical tax effect (€60 thousand);

- positive effect of the cash flow hedge reserve net of the theoretical tax effect (€101 thousand);
- other minor negative changes (€89 thousand).

Share capital

The share capital of Fidia S.p.A. at 31 December 2021, fully subscribed and paid in, is unchanged compared to 31 December 2020 and numbered 5,123,000 ordinary shares with a face value of €1 each.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2019 and the number of circulating shares at 31 December 2021:

| | At 31 December 2019 | Increase in share capital | (Purchases)/sales of treasury shares | At 31 December 2020 | Increase in share capital | (Purchase)s/sales of treasury shares | At 31 December 2021 |
|-----------------------------|---------------------|---------------------------|--------------------------------------|---------------------|---------------------------|--------------------------------------|---------------------|
| Ordinary shares issued | 5,123,000 | - | - | 5,123,000 | - | - | 5,123,000 |
| Minus: Treasury shares | 10,000 | - | - | 10,000 | - | - | 10,000 |
| Circulating ordinary shares | 5,113,000 | - | - | 5,113,000 | - | - | 5,113,000 |

Treasury shares

Treasury shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand.

During the period, treasury shares held by the parent company Fidia S.p.A. registered no change as illustrated in the following table:

| (€thousand) | No. of shares | Nominal value | % of share capital held | Carrying amount | Mean unit value |
|--------------------------------------|---------------|---------------|-------------------------|-----------------|-----------------|
| Situation at 1 January 2021 | 10,000 | 1.00 | 0.20% | 45.52 | 4.55 |
| Purchases | - | - | - | - | - |
| Sales | - | - | - | - | - |
| Write-downs | - | - | - | - | - |
| Write-backs | - | - | - | - | - |
| Situation at 31 December 2021 | 10,000 | 1.00 | 0.20% | 45.52 | 4.55 |

Capital reserves

In 2021, share premium reserve was unchanged compared to 31 December 2020 and amounted to €1,240 thousand.

Retained Earnings

Retained Earnings comprised:

- the legal reserve of Fidia S.p.A., amounting to €883 thousand at 31 December 2021, is unchanged compared to the previous year;
- earnings carried forward in the amount of -€8,417 thousand at 31 December 2021 (€2,621 thousand at 31 December 2020).

Other profit/(loss)

The value of other profit/(loss) consisted of:

| (€thousand) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Gains/(losses) on cash flow hedge instruments generated in the period | 133 | (61) |
| Profit/(loss) on cash flow hedge reclassified in profit or loss | - | - |
| Profit/(loss) on cash flow hedge | 133 | (61) |
| Profit(loss) on translation of financial statements of foreign companies in the period | 1,083 | (661) |
| Profit(loss) on translation of financial statements of foreign companies reclassified in the statement of comprehensive income | - | - |
| Profit/(loss) on translation of financial statements of foreign companies | 1,083 | (661) |
| Actuarial profit/(loss) on defined benefit plans (termination benefits) in the period | (79) | (40) |
| Actuarial profit/(loss) on defined benefit plans (termination benefits) reclassified in the statement of comprehensive income | - | - |
| Actuarial profit/(loss) on defined benefit plans (termination benefits) | (79) | (40) |
| Tax effect for Other components of statement of comprehensive income | (13) | 24 |
| Total Other profit/(loss), net of tax effect | 1,124 | (738) |

Tax effect pertaining to Other profit/(loss) consisted of:

| (€thousand) | 31 December 2021 | | | 31 December 2020 | | |
|---|------------------|-----------------------|--------------|------------------|-----------------------|--------------|
| | Gross value | Tax (expense)/benefit | Net value | Gross value | Tax (expense)/benefit | Net value |
| Profit/(loss) on cash flow hedge instruments | 133 | (32) | 101 | (61) | 14 | (47) |
| Profit/(loss) on translation of financial statements of foreign companies | 1,083 | - | 1,083 | (661) | - | (661) |
| Actuarial gains/(losses) on defined benefit plans | (79) | 19 | (60) | (40) | 10 | (30) |
| Total other profit/(loss) | 1,137 | (13) | 1,124 | (762) | 24 | (738) |

Cash Flow Hedge reserve

The cash flow hedge reserve includes the fair value of some derivative instruments (interest rate swaps) entered into by the company to hedge the risk of interest rate fluctuations on three floating rate loans.

In 2021, the cash flow hedge provisions registered the following changes:

Type of financial instrument (€thousand)

| | Nature of hedged risk | Opening balance 1.1. 2021 | Increases | Decreases | CFH reserve released to profit or loss | Closing balance at 31/12/2021 |
|---------------------------|-----------------------|---------------------------|------------|-----------|--|-------------------------------|
| <i>Interest rate swap</i> | Interest rate risk | (218) | 101 | - | - | (117) |
| Total | | (218) | 101 | - | - | (117) |

Non-controlling interests

Non-controlling interests in the amount of €596 thousand (€842 thousand at 31 December 2020) refer to the following consolidated companies with the line-by-line method:

| (€thousand) | % non-controlling interests 2021 | % non-controlling interests 2020 | Balance 31 December 2021 | Balance 31 December 2020 |
|---------------------------------|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Fidia do Brasil Ltda | 0.25% | 0.25% | (1) | (1) |
| Shenyang Fidia NC&M Co., Ltd | 49% | 49% | 597 | 843 |
| Fidia Iberica S.A. | 0.01% | 0.01% | - | - |
| Total | | | 596 | 842 |

20. OTHER NON-CURRENT PAYABLES AND LIABILITIES

(€thousand)

| | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Advances for research projects | 177 | 346 |
| Payables to employees | 62 | 55 |
| Long-term deferred income and other payables | 18 | 28 |
| Total | 257 | 429 |

Advances for research projects consisted of advance payments from the European Union and the Italian University and Research University for funds granted for funded projects whose completion is expected after the end of the next period.

Payables to personnel related to medium- and long-term payables to personnel of the subsidiary Fidia Sarl.

Multi-year deferred income is linked to the application of IFRS 15 with particular reference to extended guarantees. It is deemed that the carrying amount of other non-current payables and liabilities is near fair value.

21. TERMINATION BENEFITS

This item reflects the benefits set out by Italian law (amended by Italian Law No. 296/06) accrued by employees at 31 December 2006 and which will be paid out when an employee leaves the company.

Under specific conditions, a part of it can be paid in advance to the employee during his working life. It is a non-funded defined benefits plan, considering the benefits almost entirely accrued, with the sole exception of revaluation.

Changes in the termination benefits are illustrated in the table below:

| (€thousand) | |
|---|--------------|
| Amount at 1 January 2021 | 2,114 |
| Amount accrued and allocated in year | 351 |
| Benefits paid out in year | (8) |
| Amount transferred to State Fund and complementary pension scheme | (339) |
| Finance expenses on termination benefits | 2 |
| Accounting of actuarial losses | 79 |
| Substitute tax | (12) |
| Balance at 31 December 2021 | 2,188 |

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 19).

Please be noted that the interest on charges relating to the defined benefits plans for employees are comprised under finance costs, hence leading to an increase in finance costs of the period in the amount of €2 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

| | At 31 December 2021 | At 31 December 2020 |
|---|------------------------|------------------------|
| Discount rate | EUR Composite AA curve | EUR Composite AA curve |
| Future inflation rate | 1.75% | 0.80% |
| Frequency of request for advances | 3.0% | 3.0% |
| Relative frequency of resignation/dismissal middle managers, officer workers, workers and apprentices | 3.0% | 3.0% |
| Relative frequency of resignations/dismissals managers | 5.0% | 5.0% |

The discount rate used to determine the present value of the obligation was derived, in accordance with paragraph 83 of IAS 19, from the AA rating EUR Composite curve recorded at the measurement date:

| Year | 31 December 2021 |
|------|------------------|
| 1 | -0.39% |
| 2 | -0.17% |
| 3 | -0.01% |
| 4 | 0.14% |
| 5 | 0.26% |
| 6 | 0.33% |
| 7 | 0.37% |
| 8 | 0.41% |
| 9 | 0.48% |
| 10 | 0.57% |
| 11 | 0.66% |
| 12 | 0.74% |
| 13 | 0.82% |
| 14 | 0.91% |
| 15 + | 0.99% |

As required by IAS19, the following tables show a sensitivity analysis for each relevant actuarial assumption at the end of the reporting period, showing the effects there would have been as a result of changes in actuarial assumptions that were reasonably possible at that date, in absolute terms, an indication of the contributions for the next period, the average financial duration of the obligation, and the disbursements under the plan.

Sensitivity analysis Defined Benefit Obligation (€thousand)

| | 31 December 2021 |
|-----------------------|------------------|
| +0.25% inflation rate | 2,209 |
| -0.25% inflation rate | 2,167 |
| +0.25% discount rate | 2,169 |
| -0.25% discount rate | 2,167 |
| +1% turnover rate | 2,179 |
| -1% turnover rate | 2,197 |

Service cost and duration

| | |
|-------------------------|-----------|
| Service cost pro-future | 0.00 |
| Duration of the plan | 6.7 years |

Future plan disbursements (€thousand)

| Years | Planned disbursements |
|-------|-----------------------|
| 1 | 196 |
| 2 | 266 |
| 3 | 117 |
| 4 | 257 |
| 5 | 243 |

The following table proposes a sensitivity analysis of the termination benefits fund if one of the basic assumptions varies.

Specifically, a 10% increase and decrease was assumed with regard to the parameters used for the measurement of the termination benefits fund at 31 December 2021.

| | Ipotesi di Base | Variazioni delle Ipotesi di Base | | | | | | | | | | |
|---|--------------------------------------|---|-------|--------|--------|-------|--------|-------|--------|-------|--------|--|
| | | 0,55% | 1,05% | | | | | | | | | |
| Tasso d'inflazione proiettato | Curva | | | | | | | | | | | |
| Incidenza media dell'anticipo sul TFR maturato inizio anno | 70,00% | | | 63,00% | 77,00% | | | | | | | |
| Tasso di richiesta di anticipo: Dirigente | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Quadro | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Impiegato | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Operaio | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Apprendista | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di attualizzazione | Curva | | | | | | | -10% | +10% | | | |
| Tasso di uscita per dimissioni e licenziamento: Dirigente | 5,00% | | | | | | | | | 4,50% | 5,50% | |
| Tasso di uscita per dimissioni e licenziamento: Quadro | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Tasso di uscita per dimissioni e licenziamento: Impiegato | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Tasso di uscita per dimissioni e licenziamento: Operaio | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Tasso di uscita per dimissioni e licenziamento: Apprendista | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Società | TFR su base IAS^(*) | Variazione percentuale del TFR su base IAS rispetto alle Ipotesi di Base | | | | | | | | | | |
| Fidia S.p.A. | 2.187.766 | -0,94% | 0,96% | 0,04% | -0,04% | 0,33% | -0,32% | 0,20% | -0,31% | 0,27% | -0,25% | |

(*) amounts in EUR

22. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item includes the fair value of the interest rate swap contract entered into to hedge (cash flow hedge) the risk of variability of interest expense flows of a real estate lease contract entered into by the parent company Fidias S.p.A.

| (€thousand) | 31 December 2021 | | 31 December 2020 | |
|--|------------------|------------|------------------|------------|
| Cash Flow Hedge | Notional amount | Fair value | Notional amount | Fair value |
| Interest rate risk - INTESA Interest Rate Swap | - | - | 361 | - |
| Interest rate risk - INTESA Interest Rate Swap | 2,815 | 158 | 2,995 | 291 |
| Interest rate risk - Banco Popolare Interest Rate Swap | - | - | 214 | - |
| Total | | 158 | | 291 |

Financial flows relating to cash flow hedges impact on the statement of comprehensive income of the Company consistently with the timing with which the hedged cash flows occur.

23. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €13,804 thousand and are specified in detail in the following tables:

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|---|--------------------------------|--------------------------------|
| Overdrawn bank accounts and short-term advances | 2,099 | 2,067 |
| Financial accruals and deferrals | 23 | 26 |
| Loan - ISP "3.500" (part short term) | 350 | 350 |
| Loan - BNL "2.500" (part short term) | 525 | 525 |
| ISP "3.000" loan (part medium/long term and part short term) | 1,075 | 1,075 |
| Loan - BPM "1.500" (part medium/long term and part short term) | 650 | 650 |
| UNICREDIT loan (Plafond Supercash Rotativo) | 543 | 543 |
| Loan - ISP "1.500" (part medium/long term and part short term) | 627 | 627 |
| BNL loan (short term) | 556 | 556 |
| Société Générale loan (medium/long-term portion and short-term portion) | 75 | 75 |
| Banque CIC Est. loan (part medium/long term and part short term) | 75 | 75 |
| Banco Santander loan (medium/long-term portion and short-term portion) | 225 | 225 |
| PNC Bank loan (medium/long-term portion and short-term portion) | 805 | 784 |
| PPP Loan | 244 | 243 |
| Loans and financial liabilities with credit institutions | 7,872 | 7,821 |
| Mediocredito Italiano (Forli' property lease) | 4,590 | 4,856 |
| San Mauro Torinese property lease (IFRS16) | 648 | 830 |
| FIDIA GMBH property lease (IFRS16) | 182 | 238 |
| FIDIA SARL property lease (IFRS16) | 18 | 41 |
| FIDIA BEIJING property lease (IFRS16) | 370 | 491 |
| FIDIA do BRASIL property lease (IFRS16) | 3 | 2 |
| Car leases Italy (IFRS16) | 78 | 209 |
| Foreign car leases (IFRS16) | 30 | 32 |
| Lease - Volkswagen Bank | - | 4 |
| Lease - Skoda Bank | 13 | 34 |
| Lease - Banco Popular Espanol | - | 7 |
| Liabilities for leases | 5,932 | 6,744 |
| Total | 13,804 | 14,565 |

| (€thousand) | By 1 year | By 5 years | Over 5 years | Total |
|--|--------------|--------------|--------------|---------------|
| Overdrawn bank accounts and other short-term advances | 2,122 | - | - | 2,122 |
| Medium-to-long term bank loans | 2,590 | 290 | - | 2,880 |
| Short-term loans | 1,447 | - | - | 1,447 |
| Loans and financial liabilities with credit institutions | 331 | 1,093 | - | 1,424 |
| Mediocredito Italiano (Forli' property lease) | 277 | 1,585 | 2,728 | 4,590 |
| San Mauro Torinese property lease (IFRS16) | 188 | 460 | - | 648 |
| FIDIA GMBH property lease (IFRS16) | 57 | 125 | - | 182 |
| FIDIA SARL property lease (IFRS16) | 18 | - | - | 18 |
| FIDIA BEIJING property lease (IFRS16) | 236 | 134 | - | 370 |
| FIDIA do BRASIL property lease (IFRS16) | 3 | - | - | 3 |
| Car leases Italy (IFRS16) | 77 | - | - | 77 |
| Foreign car leases (IFRS16) | 18 | 12 | - | 30 |
| Lease - Skoda Bank | 8 | 5 | - | 13 |
| Total | 7,372 | 3,704 | 2,728 | 13,804 |

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

The current loans have the following characteristics:

Loan - ISP "3.500" (short-term portion)

| | |
|--------------------|---|
| Original amount | €3,500 thousand |
| Outstanding amount | €350 thousand |
| Date of loan | 20/04/2015 |
| Term | Loan due date 01/04/2021 (*) |
| Repayment | 20 quarterly instalments (01/07/2015 to 01/04/2021) |
| Interest rate | 3-month Euribor, base 360 + 2.0% spread |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Loan - BNL "2.500" (short-term portion)

| | |
|--------------------|---|
| Original amount | €2,500 thousand |
| Outstanding amount | €525 thousand |
| Date of loan | 28/01/2016 |
| Term | Loan due date 31/12/2021 (*) |
| Grace period | 1 quarterly instalment (31/03/2016) |
| Repayment | 19 quarterly instalments (30/06/2016 to 31/12/2021) |
| Interest rate | 3-month Euribor, base 360 + 1.35% spread |

This loan is guaranteed at 50% by Sace S.p.A.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Loan - ISP "3.000" (part medium/long term and part short term)

| | |
|--------------------|---|
| Original amount | €3,000 thousand |
| Outstanding amount | €1,075 thousand |
| Date of loan | 17/05/2016 |
| Term | Loan due date 01/04/2022 (*) |
| Grace period | 3 quarterly instalments (01/07/2016 to 01/01/2017) |
| Repayment | 17 quarterly instalments (01/04/2017 to 01/04/2022) |
| Interest rate | 3-month Euribor, base 360 + 1.5% spread |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Loan - Banco Popolare "1.500" (part medium/long term and part short term)

| | |
|--------------------|---|
| Original amount | €1,500 thousand |
| Outstanding amount | €650 thousand |
| Date of loan | 27/04/2017 |
| Term | Loan due date 30/06/2022 (*) |
| Grace period | 3 quarterly instalments (30/06/2017 to 31/12/2017) |
| Repayment | 14 quarterly instalments (31/03/2019 to 30/06/2022) |
| Interest rate | 3-month Euribor, base 360 + 1.4% spread |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

UNICREDIT loan "MUTUO PLAFOND SUPERCASH ROTATIVO"

| | |
|------------------|--|
| Original ceiling | €1,200 thousand |
| Ceiling used | €543 thousand |
| Term | Loan due date 28/01/2020, 30/11/2020, 31/12/2020 |
| Repayment | Every four months |
| Interest rate | Fixed rate 1.5% |

Loan - ISP "1.500" (medium/long-term portion and short-term portion)

| | |
|--------------------|---|
| Original amount | €1,500 thousand |
| Outstanding amount | €627 thousand |
| Date of loan | 31/01/2018 |
| Term | Loan due date 31/01/2022 (*) |
| Repayment | 12 quarterly instalments (30/04/2018 to 31/01/2022) |
| Interest rate | 3-month Euribor, base 360 + 1.2% spread |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

BNL loan (short-term)

| | |
|--------------------|---|
| Original amount | €1,250 thousand |
| Outstanding amount | €556 thousand |
| Date of loan | 30/05/2019 |
| Term | Loan due date 30/04/2021 (*) |
| Grace period | 3 monthly instalments from 30/06/2019 to 30/08/2019 |
| Repayment | 12 monthly instalments (30/09/2019 to 30/04/2021) |
| Interest rate | Fixed rate 2% |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Société Générale loan (medium/long-term portion and short-term portion)

| | |
|--------------------|--|
| Original amount | €75 thousand |
| Outstanding amount | €75 thousand |
| Date of loan | 03/08/2020 |
| Grace period | 12 monthly instalments from 03/09/2021 to 03/08/2022 |
| Term | Loan due date 03/08/2026 |
| Repayment | 48 monthly instalments (03/09/2022 to 03/08/2026) |
| Interest rate | 0.58% |

Banque CIC Est. loan (medium/long-term portion and short-term portion)

| | |
|--------------------|--|
| Original amount | €75 thousand |
| Outstanding amount | €75 thousand |
| Date of loan | 18/03/2021 |
| Grace period | 12 monthly instalments from 15/10/2021 to 15/09/2022 |
| Term | Loan due date 15/09/2026 |
| Repayment | 48 monthly instalments (15/10/2022 to 15/09/2026) |
| Interest rate | 0.70% |

Banco Santander loan (medium/long-term portion and short-term portion)

| | |
|--------------------|--|
| Original amount | €225 thousand |
| Outstanding amount | €225 thousand |
| Date of loan | 13/04/2020 |
| Grace period | 25 monthly instalments from 06/05/2020 to 06/04/2022 |
| Term | Loan due date 06/04/2027 |
| Repayment | 60 monthly instalments (06/05/2022 to 06/04/2027) |
| Interest rate | 1.10% |

PNC Bank loan (medium/long-term portion and short-term portion)

| | |
|--------------------|---|
| Original amount | \$1 million |
| Outstanding amount | €805 thousand (\$92 thousand) |
| Date of loan | 19/03/2020 |
| Term | Loan due date 19/03/2025 |
| Repayment | 60 monthly instalments (19/04/2020 to 19/03/2025) |
| Interest rate | 3.91% |

PPP Loan

| | |
|--------------------|--------------------------------|
| Original amount | \$276 thousand |
| Outstanding amount | €244 thousand (\$276 thousand) |
| Date of loan | 15/03/2021 |
| Term | Loan due date 30/09/2022 |
| Repayment | Single instalment 30/09/2022 |
| Interest rate | 0% |

Property lease - Mediocredito Italiano - line 1

| | |
|----------------------|--|
| Original amount | €5,598 thousand |
| Major instalment | €1,260 thousand |
| Outstanding amount | €3,256 thousand |
| Date of loan | 25/06/2014 |
| Term | 179 monthly instalments (01/12/2017 to 01/10/2032) |
| Current leasing rate | 3.48% |
| Planned redemption | €558 thousand |

Property lease - Mediocredito Italiano - line 2

| | |
|----------------------|--|
| Original amount | €1,000 thousand |
| Major instalment | €400 thousand |
| Outstanding amount | €473 thousand |
| Date of loan | 28/05/2015 |
| Term | 179 monthly instalments (01/12/2017 to 01/10/2032) |
| Current leasing rate | 2.42% |
| Set redemption | €100 thousand |

Property lease - Mediocredito Italiano - line 3

| | |
|----------------------|--|
| Original amount | €1,802 thousand |
| Major instalment | €722 thousand |
| Outstanding amount | €861 thousand |
| Date of loan | 30/11/2017 |
| Term | 179 monthly instalments (01/12/2017 to 01/10/2032) |
| Current leasing rate | 2.73% |
| Set redemption | €179 thousand |

In order to hedge interest rate risk, an interest rate swap hedging contract was entered into on a portion (€3,500 thousand) of the above three contracts.

IFRS16 - San Mauro Torinese property

| | |
|------------------------|-----------------|
| Original amount | €1,122 thousand |
| Outstanding amount | €648 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - Fidia GmbH property

| | |
|------------------------|---------------|
| Original amount | €287 thousand |
| Outstanding amount | €182 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - Fidia Sarl property

| | |
|------------------------|--------------|
| Original amount | €86 thousand |
| Outstanding amount | €18 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - Beijing Fidia building

| | |
|------------------------|---------------|
| Original amount | €901 thousand |
| Outstanding amount | €370 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - Fidia do Brasil property

| | |
|------------------------|--------------|
| Original amount | €41 thousand |
| Outstanding amount | €3 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - San Mauro Torinese Vehicles

| | |
|------------------------|---------------|
| Original amount | €398 thousand |
| Outstanding amount | €77 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - Fidia Sarl Vehicles

| | |
|------------------------|--------------|
| Original amount | €73 thousand |
| Outstanding amount | €20 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - Fidia Iberica Vehicles

| | |
|------------------------|--------------|
| Original amount | €41 thousand |
| Outstanding amount | €9 thousand |
| Date of first adoption | 01/01/2019 |

Lease No. 6 - Skoda Bank Germany

| | |
|--------------------|--|
| Original amount | €32 thousand |
| Outstanding amount | €3 thousand |
| Date of loan | 01/09/2019 |
| Term | Loan due date 01/08/2023 |
| Repayment | 48 monthly instalments (01/09/2019 to 01/8/2023) |
| Interest rate | 3.99% |

It is deemed that the carrying amount of fixed and floating rate financial liabilities at the reporting date is a reasonable estimate of their fair value.

The table below shows the movements in loans during the year.

| (€thousand) | Balance at 1 January 2021 | New loans | Repayments | Balance at 31 December 2021 |
|---|---------------------------|------------|----------------|-----------------------------|
| Loan - ISP "3.500" (part short term) | 350 | - | - | 350 |
| Loan - BNL "2.500" (part short term) | 525 | - | - | 525 |
| ISP "3.000" loan (part medium/long term and part short term) | 1,075 | - | - | 1075 |
| Loan - BPM "1.500" (part medium/long term and part short term) | 650 | - | - | 650 |
| UNICREDIT loan (Plafond Supercash Rotativo) | 543 | - | - | 543 |
| Loan - ISP "1.500" (part medium/long term and part short term) | 627 | - | - | 627 |
| Short-term BNL loan No. 1873555 | 556 | - | - | 556 |
| Société Générale loan (medium/long-term portion and short-term portion) | 75 | - | - | 75 |
| CIC loan (part medium/long term and part short term) | 75 | - | - | 75 |
| Banco Santander loan (medium/long-term portion and short-term portion) | 225 | - | - | 225 |
| PNC Bank loan (medium/long-term portion and short-term portion) (*) | 784 | 66 | (45) | 805 |
| PPP Loan | 243 | 244 | (243) | 244 |
| Loans and financial liabilities with credit institutions | 5,728 | 310 | (288) | 5,750 |
| Mediocredito Italiano (Forli' property lease) | 4,856 | - | (266) | 4,590 |
| San Mauro Torinese property lease (IFRS16) | 830 | - | (182) | 648 |
| FIDIA GMBH property lease (IFRS16) | 238 | - | (56) | 182 |
| FIDIA SARL property lease (IFRS16) | 41 | - | (23) | 18 |
| FIDIA BEIJING property lease (IFRS16) | 491 | - | (121) | 370 |
| FIDIA do BRASIL property lease (IFRS16) (*) | 2 | 1 | - | 3 |
| FIDIA SHENYANG property lease (IFRS16) | - | 79 | (79) | - |
| Car leases Italy (IFRS16) | 209 | - | (131) | 78 |
| Foreign car leases (IFRS16) | 32 | 16 | (18) | 30 |
| Lease - Volkswagen Bank | 4 | - | (4) | - |
| Lease - Skoda Bank | 34 | - | (21) | 13 |
| Lease - Banco Popular Espanol | 7 | - | (7) | - |
| Liabilities for leases | 6,744 | 96 | (908) | 5,932 |
| Total | 12,472 | 406 | (1,196) | 11,682 |

(*) The increase is the foreign exchange difference on the opening balance.

For more information on the management of interest and exchange rate risk on loans, please refer to the section Risk Management above and Note No. 29.

24. TRADE PAYABLES

| (€thousand) | At 31 December 2021 | | | | At 31 December 2020 | | | |
|-----------------------------|---------------------|--------------|----------------|---------------|---------------------|--------------|----------------|--------------|
| | by end of period | 1 to 5 years | Beyond 5 years | Total | by end of period | 1 to 5 years | Beyond 5 years | Total |
| Payables to other suppliers | 11,067 | 80 | 55 | 11,202 | 9,038 | 99 | 13 | 9,150 |
| Payables to associates | 18 | - | - | 18 | 18 | - | - | 18 |
| Total trade payables | 11,085 | 80 | 55 | 11,220 | 9,056 | 99 | 13 | 9,168 |

The allocation of the trade payables by due date was as follows:

| (€thousand) | Due date within 1 month | Due date beyond 1 Up to 3 months | Due date beyond 3 Up to 12 months | Total |
|-----------------------------|-------------------------|----------------------------------|-----------------------------------|---------------|
| Payables to other suppliers | 9,489 | 1,556 | 22 | 11,067 |
| Payables to associates | 18 | - | - | 18 |
| Total trade payables | 9,507 | 1,556 | 22 | 11,085 |

The geographical breakdown of the trade payables to suppliers was as follows:

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-------------------------|-----------------------------|-----------------------------|
| Italy | 8,490 | 6,961 |
| Europe | 779 | 460 |
| Asia | 1,640 | 1,577 |
| North and South America | 289 | 152 |
| Rest of the World | 4 | - |
| Total | 11,202 | 9,150 |

It is deemed that the carrying amount of the trade payables at the reporting date is near fair value.

25. TAX PAYABLES AND OTHER CURRENT PAYABLES AND LIABILITIES

| (€thousand) | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Current tax payables: | | |
| - withholding taxes | 774 | 531 |
| - Tax payables for income tax and IRAP | 133 | 104 |
| - Payables to tax authorities for VAT | 129 | 144 |
| - Other short-term tax payables | 71 | 88 |
| Total current tax payables | 1,107 | 867 |
| Other current payables and liabilities: | | |
| Payables to employees | 2,416 | 2,290 |
| Social security payables | 1,295 | 1,028 |
| Advance from customers | 6,076 | 4,273 |
| Payables for emoluments | 353 | 223 |
| Payables to State Fund and other funds | 140 | 115 |
| Payables for dividends to be distributed | 136 | 122 |
| Payables to lending institution for undue compensation | 331 | 331 |
| Accrued trade payables | 64 | 190 |
| Sundry accruals and deferrals | 888 | 406 |
| Miscellaneous payables | 529 | 569 |
| Total other current payables and liabilities | 12,229 | 9,547 |

Payables to employees regard wages accrued for the month of December as well as benefits accrued at year-end (instalments, overtime in general, etc.) and amounts for holidays accrued not yet taken.

Social security payables refer to accrued payables for amounts due by the Group companies and by employees on wages and salaries for the month of December and deferred compensation.

Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IFRS 15 – *Revenue from Contracts with Customers*, cannot be stated in the revenue.

Finally, Current tax payables and Other current payables and liabilities are payable by the next period, and it is deemed that their carrying amount is near their fair value.

26. PROVISIONS FOR RISKS AND CHARGES

Provisions for non-current and current risks and expenses amounted to €31 thousand and €695 thousand as per the relevant schedule.

| (€thousand) | Balance 31 December 2020 | Accrual | Utilization/Release | Reclassifications | Exchange rate differences | Balance 31 December 2021 |
|--|--------------------------|------------|---------------------|-------------------|---------------------------|--------------------------|
| Warranty provision | 55 | - | (11) | (16) | 3 | 31 |
| Total other provisions for non-current risks and expenses | 55 | - | (11) | (16) | 3 | 31 |
| Warranty provision | 583 | 241 | (319) | 11 | 7 | 523 |
| Other provisions | 92 | 80 | - | - | - | 172 |
| Total other provisions for current risks and expenses | 675 | 321 | (319) | 11 | 7 | 695 |

Warranty provision comprises the best possible estimate of the obligations undertaken by the Group by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer. This estimate is calculated based on the experience of the Group and the specific contract terms. The reduction in the warranty fund was due to the decrease in revenues.

27. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2021, they amounted to €467 thousand, unchanged from €467 thousand at 31 December 2020. This item consists almost solely of guarantees for business transactions with foreign customers for down payments received or coverage of obligations undertaken by contract by the Company during the warranty period.

Contingent liabilities

At 31 December 2021, Fidia Group, though exposed to various risks (product liability, legal and fiscal risks), is not aware of circumstances that might generate foreseeable contingent liabilities or contingent liabilities the amount of which may be estimated and therefore does not deem it necessary to make any further allocations.

If it is probable that an outlay is due to meet obligations and said amount can be reliably estimated, the Group has made specific provisions for risks and expenses.

28. DISCLOSURE BY LINE OF BUSINESS

The sectors in which the Group has operations were measured based on the reports used by the Board of Directors of Fidia S.p.A. in making strategic decisions.

The reports used for this Note are based on the various products and services provided and have been issued using the same accounting standards described under Standards for the presentation of the financial statements.

The data of the Group are presented with a breakdown into three sectors (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The Group assesses the performance of its operating sectors based on Operating Profit/(Loss) of ordinary business.

The revenues of the lines of business are those directly realized or attributable to the line of business and resulting from its ordinary activities. These include the revenues from transactions with others and from transactions with other lines of business measured at market prices. Cross-sector revenues consist of numerical controls, switchboards and components and electromechanical systems transferred by the electronics sector to the milling systems sector and, vice versa, of the mechanical units supplied by the milling systems sector to the electronics sector for special applications. The costs of the lines of business are the expenses resulting from the ordinary business of the line of business incurred with others and with the other lines of business or those directly attributable to each. Costs incurred with other lines of business are measured at market prices.

The economic measurement of the result attained by each sector is the operating profit/(loss) of the ordinary business that separates the non-recurring revenues and expenses of the ordinary course of business from the results of the sectors. In the Group's management finance revenue and expenses and taxes are at the expense of the "corporate" body because these do not pertain to operations and stated in the "non allocable" column.

All income components stated were measured using the same accounting criteria adopted for the presentation of the Group Consolidated Financial Statements. The economic data by line of business in 2021 and 2020 are as follows:

| Data by year - 2021 (€thousand) | CNC | % | HSM | % | SERVICE | % | N/A | Total |
|---|------------|--------------|------------|-------------|-----------|-------------|---------|----------|
| Revenues | 1,519 | 67.7% | 11,935 | 98.9% | 10,383 | 99.3% | - | 23,837 |
| Cross-sector revenues | 724 | 32.3% | 136 | 1.1% | 78 | 0.7% | | 0 |
| Total reclassified revenues | 2,243 | 100.0% | 12,071 | 100.0% | 10,461 | 100.0% | - | 23,837 |
| Changes in inventories of finished goods and W.I.P. | 17 | 0.8% | (1,483) | -12.3% | 219 | 2.1% | 0 | (1,248) |
| Raw materials and consumables | 50 | 2.2% | (5,504) | -45.6% | (1,546) | -14.8% | (61) | (7,061) |
| Cross-sector expenses | (236) | -10.5% | (962) | -8.0% | 258 | 2.5% | 1 | 0 |
| Commissions, transport and contractors | (120) | -5.4% | (888) | -7.4% | (391) | -3.7% | (2) | (1,401) |
| Sales margin | 1,954 | 87.1% | 3,234 | 26.8% | 9,001 | 86.0% | (62) | 14,128 |
| Other operating revenue | 238 | 10.6% | 525 | 4.3% | 154 | 1.5% | 564 | 1,480 |
| Other operating costs | (89) | -4.0% | (583) | -4.8% | (1,599) | -15.3% | (3,439) | (5,710) |
| Personnel expenses | (1,085) | -48.4% | (3,593) | -29.8% | (3,878) | -37.1% | (1,834) | (10,389) |
| Depreciation, amortisation and write-downs | (394) | -17.6% | (624) | -5.2% | (147) | -1.4% | (899) | (2,065) |
| Operating profit/(loss) | 625 | 27.9% | (1,041) | -8.6% | 3,531 | 33.8% | (5,670) | (2,556) |

| Data by year - 2020 (€thousand) | CNC | | HSM | | SERVICE | | N/A | Total |
|---|-------|--------|---------|--------|---------|--------|---------|----------|
| | | % | | % | | % | | |
| Revenues | 1,353 | 70.2% | 10,710 | 100.0% | 9,175 | 99.2% | - | 21,239 |
| Cross-sector revenues | 574 | 29.8% | 0 | 0.0% | 71 | 0.8% | | - |
| Total reclassified revenues | 1,928 | 100.0% | 10,710 | 100.0% | 9,246 | 100.0% | - | 21,239 |
| Changes in inventories of finished goods and W.I.P. | (215) | -11.2% | (1,088) | -10.2% | (295) | -3.2% | 0 | (1,597) |
| Raw materials and consumables | 67 | 3.5% | (5,007) | -46.8% | (951) | -10.3% | (65) | (5,956) |
| Cross-sector expenses | (50) | -2.6% | (848) | -7.9% | 251 | 2.7% | 3 | - |
| Commissions, transport and contractors | (101) | -5.2% | (941) | -8.8% | (295) | -3.2% | (4) | (1,341) |
| Sales margin | 1,629 | 84.5% | 2,826 | 26.4% | 7,956 | 86.1% | (66) | 12,345 |
| Other operating revenue | 305 | 15.8% | 877 | 8.2% | 597 | 6.5% | 345 | 2,123 |
| Other operating costs | (153) | -8.0% | (1,399) | -13.1% | (1,210) | -13.1% | (2,887) | (5,649) |
| Personnel expenses | (998) | -51.8% | (3,929) | -36.7% | (3,958) | -42.8% | (2,111) | (10,996) |
| Depreciation, amortisation and write-downs | (464) | -24.1% | (1,605) | -15.0% | (437) | -4.7% | (1,056) | (3,561) |
| Operating profit/(loss) | 318 | 16.5% | (3,231) | -30.2% | 2,950 | 31.9% | (5,774) | (5,738) |

Assets of the line of business are those used by the line of business in the course of its typical activities, or which can be reasonably attributed to it based on its typical activities.

Liabilities of the line of business are those directly resulting from the conduct of the typical activities of the line of business, or which can be reasonably attributed to it based on its typical activities.

In the management of the Group the treasury and tax assets are not attributed to the lines of business because these do not pertain to their operations. Therefore, these assets and liabilities are not included in the assets and liabilities of the line of business and are stated in the column "Non allocable".

In particular, the treasury assets include investments in other entities, other long-term and short-term assets, and cash and cash equivalent. Treasury liabilities include financial payables and other current and non-current financial liabilities.

Assets and liabilities by line of business were measured using the same accounting standards adopted for the presentation of the Group Consolidated Financial Statements.

| Data by year - 2021 (€thousand) | CNC | HSM | SERVICE | N/A | Total |
|--|--------------|---------------|--------------|---------------|---------------|
| Property, plant and equipment | 27 | 7,224 | 108 | 2,668 | 10,027 |
| Intangible fixed assets | 1,096 | 454 | - | 19 | 1,569 |
| Equity investments | - | - | - | 16 | 16 |
| Deferred tax assets | - | - | - | 1,235 | 1,235 |
| Other non-current receivables and assets | 8 | 11 | - | 188 | 206 |
| Total non-current assets | 1,132 | 7,689 | 108 | 4,127 | 13,054 |
| Inventory | 1,341 | 5,387 | 6,095 | - | 12,823 |
| Trade receivables and other receivables | 475 | 5,346 | 1,702 | 1,406 | 8,929 |
| Current taxes receivable | - | - | - | 400 | 400 |
| Other current financial assets | - | - | - | - | - |
| Cash and cash equivalents | - | - | - | 5,267 | 5,267 |
| Total current assets | 1,816 | 10,732 | 7,798 | 7,073 | 27,419 |
| Total assets | 2,948 | 18,421 | 7,905 | 11,200 | 40,473 |
| Other non-current payables and liabilities | 140 | 54 | 53 | 10 | 258 |
| Deferred tax liabilities | - | - | - | 521 | 521 |
| Termination benefits | 395 | 1,250 | 200 | 344 | 2,188 |
| Long-term provisions | - | - | 31 | - | 31 |
| Other non-current financial liabilities | - | - | - | 158 | 158 |
| Non-current financial liabilities | - | 4,313 | 12 | 2,125 | 6,450 |
| Total non-current liabilities | 535 | 5,618 | 295 | 3,157 | 9,605 |
| Current financial liabilities | 3 | 350 | 30 | 6,971 | 7,354 |
| Other current financial liabilities | - | - | - | - | - |
| Trade payables and other current payables | 1,072 | 13,031 | 1,339 | 8,006 | 23,449 |
| Current taxes payable | - | - | - | 1,107 | 1,107 |
| Short-term provisions | 2 | 172 | 349 | 172 | 695 |
| Total current liabilities | 1,077 | 13,553 | 1,718 | 16,256 | 32,605 |
| Total liabilities | 1,612 | 19,171 | 2,014 | 19,414 | 42,210 |
| Shareholders' equity | - | - | - | (1,737) | (1,737) |
| Total liabilities | 1,612 | 19,171 | 2,014 | 17,677 | 40,473 |

| 31 December 2020 (€thousand) | CNC | HSM | SERVICE | N/A | Total |
|--|--------------|---------------|--------------|---------------|---------------|
| Property, plant and equipment | 43 | 7.865 | 190 | 3.211 | 11.310 |
| Intangible fixed assets | 1.413 | 534 | - | 25 | 1.972 |
| Equity investments | - | - | - | 16 | 16 |
| Deferred tax assets | - | - | - | 929 | 929 |
| Other non-current receivables and assets | - | 2 | - | 48 | 49 |
| Total non-current assets | 1.456 | 8.401 | 190 | 4.230 | 14.276 |
| Inventory | 1.592 | 6.366 | 5.768 | - | 13.725 |
| Trade receivables and other receivables | 361 | 2.247 | 1.544 | 997 | 5.149 |
| Current taxes receivable | - | - | 1 | 519 | 520 |
| Other current financial assets | - | - | - | - | - |
| Cash and cash equivalents | - | - | - | 4.851 | 4.851 |
| Total current assets | 1.953 | 8.612 | 7.314 | 6.367 | 24.245 |
| Total assets | 3.408 | 17.014 | 7.504 | 10.596 | 38.521 |
| Other non-current payables and liabilities | 165 | 203 | 46 | 16 | 429 |
| Deferred tax liabilities | - | - | - | 84 | 84 |
| Termination benefits | 386 | 1.202 | 195 | 331 | 2.114 |
| Long-term provisions | - | 11 | 44 | - | 55 |
| Other non-current financial liabilities | - | - | - | 324 | 324 |
| Non-current financial liabilities | 12 | 4.590 | 33 | 2.611 | 7.246 |
| Total non-current liabilities | 563 | 6.006 | 318 | 3.366 | 10.253 |
| Current financial liabilities | 11 | 355 | 58 | 6.860 | 7.285 |
| Other current financial liabilities | - | - | - | - | - |
| Trade payables and other current payables | 974 | 10.502 | 1.228 | 6.012 | 18.716 |
| Current taxes payable | - | - | - | 867 | 867 |
| Short-term provisions | 2 | 273 | 308 | 92 | 675 |
| Total current liabilities | 987 | 11.131 | 1.594 | 13.831 | 27.543 |
| Total liabilities | 1.550 | 17.137 | 1.912 | 17.197 | 37.796 |
| Shareholders' equity | - | - | - | 725 | 725 |
| Total liabilities | 1.550 | 17.137 | 1.912 | 17.922 | 38.521 |

29. INFORMATION ON FINANCIAL RISKS

The Group is exposed to financial risks pertaining to its operations:

- market risks (mainly due to exchange and interest rates), as the Group operates internationally in different currency areas and uses interest-yielding financial instruments;
- liquidity risk, with specific reference to the availability of financial resources and access to the credit and financial instruments market;
- credit risk pertaining to normal business relations with customers.

As described in Risk Management, the Fidia Group constantly monitors the financial risks which it is exposed to so that it can anticipate potential negative effects and take appropriate measure to mitigate them.

The following section provides qualitative and quantitative information on the incidence of said risks on the Fidia Group.

The following paragraphs illustrate the sensitivity analysis carried out on the potential impact on the final results resulting from hypothetical oscillations in benchmarks on the aforementioned risks. These analyses are based, as set forth by IFRS7, on simplified scenarios applied to the final data of the periods considered and, by their own nature, cannot be considered indicators of the real effects of future changes in benchmarks due to a different equity and financial structure and different market conditions. These cannot reflect either the interrelations or complexities of the reference markets.

MARKET RISKS

In general, market risks are the result of the effects of changes in prices or other market risk factors, such as interest and exchange rates, both on the value of the positions held in the trading and hedging portfolio and the positions resulting from commercial operations.

The management of market risks in the Group comprises all the assets related to treasury and equity management transactions. The objective of market risk management is to manage and keep the Group's exposure to this risk within acceptable levels, while optimizing, at the same time, the yield of its own investments.

The market risks include exchange and interest rate risk.

Exchange rate risk: definition, sources and management policies

Exchange rate risk can be defined, in general, as the set of effects resulting from changes in the exchange rate relations between foreign currencies on the performance of the company in terms of operating results, market shares and cash flows.

The Group is exposed to the risk of the oscillation of the exchange rates of currencies, as it operates in an international context in which transactions are conducted at different exchange and interest rates.

Exposure to exchange rate risk results from the geographical location of the business units compared to the geographical distribution of the markets where it sells its products and from the use of external borrowing sources in foreign currencies.

In particular, the Group is exposed to three types of exchange rate risk:

- economic/competitive: comprises all effects that a change in market exchange rates can have on Group income and may hence impact strategic decisions (products, markets and investments) and Group competitiveness on the reference market;
- transaction: consists in the possibility that changes in exchange rate relations occur between the date on which a financial obligation between the counterparts becomes highly probably and/or certain and the date of transaction settlement. These changes cause a difference between the expected and effective financial flows;
- translation: this type of risk regards differences in exchange rates that can result from changes in the carrying amount of the equity expressed in the presentation currency. The consolidated financial statements include transactions made by the company in currencies other than the functional currency. These changes are not the cause of an immediate difference between expected and real cash flows but will only have accounting effects on the Group consolidated financial statements. The effects of said changes are measured directly in the equity, under Provisions for translation differences (see Note 19).

The Group manages exchange rate risks its policy of fixing the selling prices of products in foreign currencies and, if necessary, through the use of derivative financial instruments, the use of which is reserved for the management of exposure to exchange rate fluctuations connected with future cash flows and assets and liabilities.

Specifically, in setting the sales price for the foreign counterparty, the Group, starting from its margin targets determined in local currency (the euro for the parent company), usually applies the exchange rate in place on the date of the order plus the financial component (cost of carry) related to the expected due dates of the collections related to the transaction. For short-term transactions (a few months), the Group usually does not engage in

derivative transactions to block the exchange rate (and thus completely neutralise possible spot exchange rate fluctuations in the short term). On the other hand, for transactions with medium-to-long expected timelines, the Group conducts hedging transactions through the use of derivative instruments.

When the Group decides to engage in foreign exchange derivative transactions, it implements a policy of hedging only transactional foreign exchange risk, thus arising from existing commercial transactions and future contractual commitments.

The main hedges for exposure to foreign exchange risk are traditionally provided for the U.S. dollar, which is the most widely used foreign currency in commercial transactions other than the local currency.

The typically used instruments are forward, flexible forward or other types of contracts on exchange rates correlated by amount, due date and reference parameters with the hedged position.

At 31 December 2021, there were no derivative instruments hedging exchange rate risks.

Exchange rate risk: quantitative information and sensitivity analysis

As stated above, the Group is exposed to risks resulting from changes in exchange rates that can affect both the profit and loss result and the equity.

In particular, when the Group's companies incur costs in currencies other than the presentation currency of the relevant revenues, the change in exchange rates can affect the earnings of said companies.

With regard to the business operations, the Group's companies can have trade receivables or payables in currencies other than the presentation currency of the entity holding these. The change in exchange rates can lead to the realization or measurement of exchange rate gains or losses.

At 31 December 2021 the main currency to which the Group is exposed is the USD. At the same date, the Group has no derivative instruments in place to hedge currency exposures.

For the purpose of the sensitivity analysis, the potential effects of fluctuations in reference rates of financial instruments denominated in foreign currencies were analysed.

The analysis was carried out by applying to the exchange rate exposure reasonable positive and negative change of the EUR against the foreign currency equal to 5%. Hypotheses were defined in which the local currency gains or loses value compared to the foreign currency.

The results of the sensitivity analysis on exchange rate risk are summarized in the tables below, which show the impacts on profit or loss and equity at 31 December 2021 and 31 December 2020. The prevalence of financial liabilities denominated in foreign currencies over financial assets exposes the company to the risk of negative economic effects in the event of devaluation of the local currency (EUR in the case of the parent company and other European subsidiaries) versus the foreign currency. The impacts on the income statement shown in the tables are pre-tax.

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

| | +5% change | | -5% change | | |
|--|------------|-------------------------|------------|-------------------------|----------|
| | P&L | Other changes in equity | P&L | Other changes in equity | |
| Foreign Exchange Risk at 31 December 2021 | | | | | |
| FOREIGN CURRENCY FINANCIAL ASSETS | | | | | |
| Cash and cash equivalent | 27 | (1) | - | 1 | - |
| Hedging derivatives | - | - | - | - | - |
| Receivables | 425 | (20) | - | 22 | - |
| Effect | - | (21) | - | 23 | - |
| FOREIGN CURRENCY FINANCIAL LIABILITIES | | | | | |
| Derivatives for trading | - | - | - | - | - |
| Hedging derivatives | - | - | - | - | - |
| Loans payable | - | - | - | - | - |
| Overdrawn bank accounts | 1 | 0 | - | (0) | - |
| Trade payables | 806 | 38 | - | (42) | - |
| Effect | 38 | (42) | - | - | - |
| Total effect | 17 | (19) | - | - | - |

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

| | +5% change | | -5% change | | |
|--|------------|-------------------------|------------|-------------------------|----------|
| | P&L | Other changes in equity | P&L | Other changes in equity | |
| Foreign Exchange Risk at 31 December 2020 | | | | | |
| FOREIGN CURRENCY FINANCIAL ASSETS | | | | | |
| Cash and cash equivalent | 26 | (1) | - | 1 | - |
| Hedging derivatives | - | - | - | - | - |
| Receivables | 249 | (12) | - | 13 | - |
| Effect | - | (13) | - | 14 | - |
| FOREIGN CURRENCY FINANCIAL LIABILITIES | | | | | |
| Derivatives for trading | - | - | - | - | - |
| Hedging derivatives | - | - | - | - | - |
| Loans payable | - | - | - | - | - |
| Overdrawn bank accounts | - | - | - | - | - |
| Trade payables | 742 | 35 | - | (39) | - |
| Effect | 35 | (39) | - | - | - |
| Total effect | 22 | (25) | - | - | - |

The quantitative data reported above have no forecast value; specifically, the sensitivity analysis on market risks cannot reflect the complexity and related market relations that may result from any assumed change.

Interest rate risk: definition, sources and management policies

Interest rate risk consists in changes in interest rates that affect both the margin and hence the profit of the Group and on the current value of future cash flows.

The Group is exposed to interest rate oscillations on its own floating rate loans and leases attributable to the Eurozone, which the Group avails itself of to fund its operations.

Changes in the structure of market interest rates affect the Group's capital and its economic value, thus influencing the level of net finance expenses and the Group's margins.

Interest rate risk management is considered with the well-established practice to reduce the risks of interest rate volatility, to reach an optimal mix of floating and fixed interest rates in the make-up of loans, thus offsetting market interest rate oscillations, while pursuing the objective of reducing finance costs on deposits to a minimum.

The Group manages risks of changes in interest rates by using derivatives whose use is reserved to the management of exposure to interest rate oscillations pertaining to money flows and assets and liabilities. Speculative transactions are not allowed.

At 31 December 2021 exposure to interest rate risk was hedged through the use of Interest Rate Swaps. Interest Rate Swaps are used in order to predetermine the interest paid on various forms of financing in order to ensure stability of cash flows.

The counterparts of said financial instruments are primary credit institutions.

Interest rate risk: quantitative information and sensitivity analysis

The Group companies avail themselves of financing for the purpose of funding their own operating activities. Changes in interest rates could have a negative or positive impact on Group earnings.

In order to tackle said risks, the Parent Company uses interest rate derivatives and mainly interest rate swaps.

At 31 December 2021, the Company had an Interest Rate Swap contract to hedge interest rate risk; it has a total negative fair value amounting to €157 thousand.

The Interest Rate Swap was entered into by the Company with the aim of neutralising the risk of variability of interest expense flows of the underlying real estate finance lease being hedged by transforming it into a fixed-rate lease by entering into the derivative contract.

In measuring the potential impacts of changes in the interest rates applied, the Group separately analysed the fixed rate financial instruments (for which the impact of the changes in rates regards the fair value) and those at floating rate (for which the impact was determined in terms of cash flow) expressed in the various currencies, which the Group has significant exposure to, as specified in the section on exchange rate risk.

At 31 December 2021, some fixed-rate financial instruments were outstanding, but were not measured at fair value, but at amortised cost.

The floating rate financial instruments at 31 December 2021 included cash, bank loans and financial leases and are denominated in EUR.

The sensitivity analysis was carried out in order to present the effects on the income statement and shareholders' equity at 31 December 2021, assuming that a reasonably possible change in the relevant risk variable occurred on that date and that this change was applied to the risk exposures existing at that date. Derivative financial instruments are also included in the sensitivity analysis.

At 31 December 2021, the following was assumed:

- - an increase in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to + 100 bps;
- a decrease in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to -10 bps.

The decision to simulate decreases of 10 bps and increases of 100 bps at 31 December 2021 (in 2020, 5 bps decrease and 10 bps increase had been used instead) depended on a changed market scenario which, after several years of expansive monetary policy characterised by very low and tendentially stable interest rates, is currently being characterised by a rapid and substantial increase in the general level of interest rates, especially in response to strong inflationary pressures. These changes have been hypothesized with all other variables constant. The impact before tax that such changes would have had are shown in the table below.

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

| Interest Rate Risk at 31 December 2021 | Carrying amount | +100 bps change | | -10 bps change | |
|--|-----------------|-----------------|-------------------------|----------------|-------------------------|
| | | P&L | Other changes in equity | P&L | Other changes in equity |
| FINANCIAL LIABILITIES | | | | | |
| Floating-rate loans | 3,230 | (32) | | 3 | |
| Fixed-rate loans | 2,521 | - | | - | |
| Floating-rate finance leases | 4,604 | (46) | | 5 | |
| Operating leases and rent (IFRS16) | 1,327 | - | | - | |
| IRS hedging derivatives | 157 | 28 | 175 | (3) | (18) |
| Total impact | | (50) | 175 | 5 | (18) |

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

| Interest Rate Risk at 31 December 2020 | Carrying amount | +10-bps change | | -5-bps change | |
|--|-----------------|----------------|-------------------------|---------------|-------------------------|
| | | P&L | Other changes in equity | P&L | Other changes in equity |
| FINANCIAL LIABILITIES | | | | | |
| Floating-rate loans | 3,230 | (3) | | 2 | |
| Fixed-rate loans | 2,274 | - | | - | |
| Floating-rate finance leases | 5,126 | (5) | | 3 | |
| Operating leases and rent (IFRS16) | 1,856 | - | | - | |
| IRS hedging derivatives | 291 | 4 | 22 | (2) | (11) |
| Total impact | | (4) | 22 | 3 | (11) |

NB: for the sake of completeness, the tables also include liabilities related to operating leases and rent payable to which, as from 1 January 2019, IFRS 16 has been applied. However, since the cash flows of these liabilities are not parameterised to the market interest rate variable, there are no sensitivity impacts.

NB: with reference to the specific category of floating-rate loans payable (thus excluding floating-rate finance leases), the sensitivity analysis represents a purely theoretical exercise due to the fact that following the filing with the Court of Ivrea of the application for admission to the arrangement procedure pursuant to article 161, paragraph 6, of the Bankruptcy Law, at 31 December 2021 these financial liabilities are essentially "frozen" and will fall within the scope of the arrangement plan.

Liquidity risk: definition, sources and management policies

Liquidity risk consists in the possibility that a company of the Group or the Group itself can find itself in the conditions of not being able to meet its payment obligations in cash or delivery, either foreseen or unexpected, due to a lack of financial resources, thus prejudicing day-to-day operations or the financial position of the company or Group.

The liquidity risk that the Group is exposed to can arise out of difficulties to timely obtain financing for its operations and can take the form of the inability to find the necessary financial resources at a reasonable conditions.

Cash flows, financing needs and any liquidity are under the control of the parent company Fidia S.p.A., in order to ensure effective management of financial resources.

The short and medium/long-term demand for liquidity is constantly monitored by the central offices in order to timely obtain financial resources or an adequate investment of cash.

The Group has adopted a series of financial policies to reduce liquidity risk:

- plurality of financing entities and diversification of financing sources;
- adequate lines of credit;
- perspective liquidity plans relating to the company planning process.
- provision in the Arrangement Plan for increases in share capital to satisfy company creditors and the recovery of core business.

Liquidity risk: quantitative information

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

The policies implemented by the Group to reduce liquidity risk consisted at 31 December 2021 of:

- recourse to credit institutions and leasing companies to find financial resources, avoiding excessive concentration on one or more institutions;
- lines of credit (mostly of the revolving and stand-by type), mostly automatically renewed and used at the discretion of the Group as needed.

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans were postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen. On 29 September 2021, the Parent Company submitted the arrangement plan and proposal, which were approved by the Court of Ivrea on 22 June 2022.

Based on the provisions of the Arrangement Plan, Management believes that - in addition to those that will be generated by operating and financing activities, including the planned capital increases with the exclusion of pre-emptive rights - the available resources will enable the Group to meet its needs for investment, net working capital management, and debt repayment in accordance with the terms and timing set forth in the Arrangement Plan.

An analysis of financial liabilities as required by IFRS7 is provided below. The table also contains contractual commitments included in the Parent Company's plan and proposal for arrangement with creditors that, in light of this, were not subject to actual payment on the contractual due date. The time bucket of contractual flows within 1 month also accommodates past due and unpaid instalments related to liabilities under the arrangement plan.

MATURITY ANALYSIS (€thousand)

| | Carrying amount at 31 December 2021 | Contractual cash flows | within 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Beyond 5 years |
|---|--|---------------------------|-------------------|------------------|----------------------|-----------------|----------------------|
| FINANCIAL LIABILITIES | | | | | | | |
| Loans from banks | 5,750 | 5,897 | 4,154 | 124 | 455 | 1,149 | 15 |
| Other loans | - | - | - | - | - | - | - |
| Overdrawn bank accounts and short-term advances (*) | 2,099 | 2,099 | 2,099 | - | - | - | - |
| Trade payables | 11,203 | 11,203 | 9,489 | 1,557 | 22 | 80 | 55 |
| Liabilities for leases revenues | 4,604 | 5,898 | 40 | 79 | 356 | 1,868 | 3,556 |
| Operating leases and rent (IFRS 16) | 1,327 | 1,372 | 79 | 82 | 426 | 784 | - |
| DERIVATIVE LIABILITIES | | | | | | | |
| Interest rate swap | 157 | 157 | 4 | 7 | 31 | 83 | 32 |
| Total | 25,140 | 26,626 | 15,865 | 1,849 | 1,290 | 3,964 | 3,658 |

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €763 thousand, which for reasons of prudence has been entirely allocated to the shortest maturity band

MATURITY ANALYSIS (€thousand)

| | Carrying amount at 31 December 2020 | Contractual cash flows | within 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Beyond 5 years |
|---|---|---------------------------|-------------------|------------------|----------------------|-----------------|----------------------|
| FINANCIAL LIABILITIES | | | | | | | |
| Loans from banks | 5,504 | 5,667 | 1,176 | 710 | 2,087 | 1,667 | 27 |
| Other loans | - | - | - | - | - | - | - |
| Overdrawn bank accounts and short-term advances (*) | 2,067 | 2,067 | 2,067 | - | - | - | - |
| Trade payables | 9,150 | 9,150 | 8,526 | 454 | 58 | 100 | 13 |
| Liabilities for leases revenues | 5,126 | 6,628 | 43 | 86 | 409 | 2,068 | 4,021 |
| Operating leases and rent (IFRS 16) | 1,856 | 1,947 | 75 | 95 | 467 | 1,310 | - |
| DERIVATIVE LIABILITIES | | | | | | | |
| <i>Interest rate swap</i> | 291 | 286 | 4 | 8 | 34 | 146 | 94 |
| Total | 23,993 | 25,745 | 11,890 | 1,352 | 3,056 | 5,291 | 4,156 |

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €1,834 thousand, which for reasons of prudence has been allocated to the shortest maturity band.

Credit risk: definition, sources and management policies

Credit risk is the exposure of the Group to potential losses that may result from the failure to meet obligations with counterparts.

The main causes of non-performance can relate to the inability to autonomously repay counterparts and to a possible worsening in credit standing.

In particular, the Group is exposed to credit risk due to:

- sale of high-speed milling systems, numerical controls and related servicing;
- subscription of derivatives;
- deployment of liquidity in banks or other financial institutions.

The Group has different concentrations of credit risk depending on the nature of the activities and the various reference markets. Said credit exposure is mitigated by the fact that it is divided over a large number of counterparts.

The concentration of credit risk is present in the markets of the EU, North America and China.

Trade receivables are subject to individual write-downs if there is an objective condition in which these position cannot be recovered either in part or in full. The extent of write-down takes into account an estimate of the recoverable flows and relevant date of collection.

The Group controls and manages credit standing including the risk of the counterpart; these same transactions for the deployment of liquidity and hedging of derivatives have been concluded with leading national and international banks. These are regularly reviewed also in terms of concentration and the rating of the counterparts.

Credit risk: quantitative information

The maximum theoretical exposure to credit risk for the Fidia Group at 31 December 2021 is the carrying amount of the financial assets stated in the financial statements, plus the face value of collateral provided as indicated in Note No. 27.

The measurement of credit risk is carried out by means of a process to assess credit standing differentiated by type of customer.

Monitoring of credit risk is carried out periodically through the analysis by expiry of overdue positions.

The credit exposures of the Group widely regard trade receivables; the credit risk resulting from said transactions is mitigated by means of the following instruments:

- letters of credit;
- insurance policies.

Moreover, in order to effectively and efficiently manage credit risk, the Group adopts further risk mitigation instruments pursuant to and in compliance with legislation in force in the various markets of the countries where it conducts business.

Positions, if individually significant, are subject to specific write-down; these are either partially or totally non recoverable. The extent of write-down takes into account an estimate of the recoverable flows and relevant date of collection as well as of charges and expenses for future recovery. In case of receivables not subject to specific write-down, provisions are allocated on a collective basis, considering experience and statistical data.

Hedge Accounting

At 31 December 2021, the Fidia Group had outstanding cash flow hedges for interest rate risk only.

Floating-rate loans payable expose the Group to the risk of fluctuations in interest flows associated with changes in the market rates to which they are benchmarked.

The parent company Fidia Spa still has 1 hedging transaction outstanding of the 3 existing at the end of the previous year. Specifically, the transaction relates to a real estate lease contract, which was hedged through the stipulation of an Interest Rate Swap that aims to neutralise the variability of the portion of the interest expense flows corresponding to the base parameter to which it is linked (Euribor rate), thus excluding the credit spread component inherent in the interest charged by the counterparty.

There is an economic relationship between the hedged item (floating-rate lease) and the hedging instrument (IRS). A systematic change of opposite sign between the change in value of the hedged item and the hedging instrument when market interest rates change is expected.

The hedging transaction was designed with the objective of hedging a high portion of the exposure of the underlying lease. With this derivative transaction, the floating-rate financial liability is transformed into a fixed-rate financial liability (for the portion of the notional principal covered).

The table below provides a representation of the Fidia Group's entire exposure to interest rate variability risk, the exposure related to the hedged financial liability, and the total amount hedged (equal to the notional amount of the IRS) at the reporting date and for subsequent years. The table also shows the average interest rate related to hedged liabilities and how it is transformed into a fixed rate as a result of hedging through IRS.

| INTEREST RATE HEDGES (€thousand) | 2021 | | | | |
|--|----------------|----------------|----------------|----------------|------------------------|
| Floating-rate exposures | | | | | |
| Floating-rate loans payable | 3,230 | | | | |
| Floating-rate leases | 4,604 | | | | |
| Total exposure to interest rate risk | 7,834 | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
| Covered exposures | | | | | |
| Hedged exposures (outstanding principal) | 3,256 | 3,063 | 2,861 | 2,647 | 2,422 |
| Average interest rate (floating) | Euribor +3.82% | Euribor +3.82% | Euribor +3.82% | Euribor +3.82% | Euribor +3.82% |
| Total hedged amount (notional amount of outstanding derivatives) | 2,815 | 2,629 | 2,436 | 2,235 | 2,028 |
| Average fixed interest rate of (derivative pay leg) | 0.99% | 0.99% | 0.99% | 0.99% | 0.99% |
| Final average effective rate of hedged exposures | 4.81% | 4.81% | 4.81% | 4.81% | 4.81% |

For comparative purposes, the table below shows the exposure at 31 December 2020.

| INTEREST RATE HEDGES (€thousand) | 2020 |
|---|-------------|
| Floating-rate exposures | |
| Floating-rate loans payable | 3,230 |
| Floating-rate leases | 5,126 |
| Total exposure to interest rate risk | 8,355 |

| | 2020 | 2021 | 2022 | 2023 | 2024 and beyond |
|--|----------------|----------------|----------------|----------------|------------------------|
| Covered exposures | | | | | |
| Hedged exposures (outstanding principal) | 5,165 | 3,836 | 3,063 | 2,861 | 2,647 |
| Average interest rate (floating) | Euribor +3.03% | Euribor +3.03% | Euribor +3.03% | Euribor +3.03% | Euribor +3.03% |
| Total hedged amount (notional amount of outstanding derivatives) | 3,571 | 2,815 | 2,629 | 2,436 | 2,235 |
| Average fixed interest rate of (derivative pay leg) | 0.83% | 0.83% | 0.83% | 0.83% | 0.83% |
| Final average effective rate of hedged exposures | 3.86% | 3.86% | 3.86% | 3.86% | 3.86% |

The main causes of potential ineffectiveness of these hedging relationships have been identified in:

- any mismatch, during the life of the hedging relationship, between the notional amount and the contractual characteristics of the hedging derivatives and those of the underlying liabilities (e.g., due to partial early repayment or renegotiation of liabilities, partial unwinding of the derivative or other)
- changes in the creditworthiness of the counterparty to the hedging instrument (measured on the basis of publicly available information) or changes in the credit risk of the hedged item, such that they outweigh the changes in value resulting from the economic relationship being hedged and due to changes in market interest rates (dominant effect of credit risk).

A qualitative and quantitative review of the effectiveness of hedging relationships is scheduled at the date of designation of the hedging relationships and at semi-annual intervals thereafter (when the half-year report and annual report are due).

For the purpose of quantitative verification of the effectiveness of the hedging relationship, the hypothetical hedge method is used.

The following table shows the aggregate information regarding the hedging instruments in place at 31 December 2021 (IRS), i.e.: the notional amount, the carrying amount (fair value), the balance sheet item used to determine the fair value of the derivatives, and any component of change in fair value attributable to the ineffectiveness component.

Hedge accounting - Hedging instruments (2021)

| <i>Cash flow hedges</i> (€thousand) | Notional amount of hedging instruments | Carrying amount of hedging derivatives | | Balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness |
|--|---|---|--------------------|---|---|
| | | Assets | Liabilities | | |
| Interest rate risk | | | | | |
| <i>Interest Rate Swaps</i> | 2,815 | | 157 | other financial assets - other financial liabilities | - |
| Total | 2,815 | | 157 | | - |

For comparative purposes, the table below shows the hedging instruments in place at 31 December 2020.

Hedge accounting - Hedging instruments (2020)

| Cash flow hedges (€thousand) | Notional amount of hedging instruments | Carrying amount of hedging derivatives | | Balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness |
|---------------------------------|--|--|-------------|---|--|
| | | Assets | Liabilities | | |
| Interest rate risk | | | | | |
| Interest Rate Swaps | 3,571 | | 291 | other financial assets - other financial liabilities | - |
| Total | 3,571 | | 291 | | - |

The following table provides aggregate information on the hedged financial liabilities at 31 December 2020, i.e.: the carrying amount (amortised cost), the balance sheet item used to recognise the liabilities in question, any fair value change component attributable to the ineffective component, and the cumulative amount in the cash flow hedge reserve (i.e., the effective component of the hedge).

Hedge accounting - hedged items (2021)

| Cash flow hedges (€thousand) | Carrying amount of the hedged items | | Balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness | Cash Flow Hedge reserve (*) |
|---------------------------------|-------------------------------------|--------------|---|--|-----------------------------|
| | Assets | Liabilities | | | |
| Interest rate risk | | | | | |
| Floating-rate loans payable | - | - | Financial liabilities | - | - |
| Floating-rate leases | - | 3,256 | Financial liabilities | - | 153 |
| Total | - | 3,256 | | - | 153 |

(*) The amount of cash flow hedge reserve is expressed before tax effects

For comparative purposes, the table below shows the hedged items in place at 31 December 2020.

Hedge accounting - hedged items (2020)

| Cash flow hedges (€thousand) | Carrying amount of the hedged items | | Balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness | Cash Flow Hedge reserve (*) |
|---------------------------------|-------------------------------------|--------------|---|--|-----------------------------|
| | Assets | Liabilities | | | |
| Interest rate risk | | | | | |
| Floating-rate loans payable | - | 1,727 | Financial liabilities | - | - |
| Floating-rate leases | - | 3,438 | Financial liabilities | - | 286 |
| Total | - | 5,165 | | - | 286 |

(*) The amount of cash flow hedge reserve is expressed before tax effects.

Finally, the following table provides summary information on the effects of applying hedge accounting.

Hedge accounting - summary of effects (2021)

| Cash flow hedges (€thousand) | Change in fair value of hedging derivatives in other comprehensive income | Ineffectiveness recognised in profit or loss (*) | Income statement item (which includes ineffectiveness) | Amount reclassified from cash flow hedge reserve to income statement | Income statement item impacted by reclassification |
|------------------------------|---|--|--|--|--|
| Interest rate risk | | | | | |
| INTESA 2 IRS (**) | - | - | finance expenses and income | - | finance expenses and income |
| INTESA 3 IRS | 133 | - | finance expenses and income | 133- | finance expenses and income |
| BPM IRS (**) | - | - | finance expenses and income | - | finance expenses and income |
| Total | 133 | - | | 133 | |

(*) Also includes the accrued component of the differentials accrued at 31 December 2021 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

(**) Derivative expired and terminated during 2021.

For comparative purposes, the table below shows the effects of hedge accounting on the 2020 financial statements.

Hedge accounting - summary of effects (2020)

| Cash flow hedges (€thousand) | Change in fair value of hedging derivatives in other comprehensive income | Ineffectiveness recognised in profit or loss (*) | Income statement item (which includes ineffectiveness) | Amount reclassified from cash flow hedge reserve to income statement | Income statement item impacted by reclassification |
|------------------------------|---|--|--|--|--|
| Interest rate risk | | | | | |
| BNL IRS (**) | 1 | - | finance expenses and income | 1 | finance expenses and income |
| INTESA 1 IRS (**) | - | - | finance expenses and income | - | finance expenses and income |
| INTESA 2 IRS | 1 | - | finance expenses and income | 1 | finance expenses and income |
| INTESA 3 IRS | (66) | - | finance expenses and income | - | finance expenses and income |
| BPM IRS | 2 | - | finance expenses and income | 2 | finance expenses and income |
| Total | (62) | - | | 4 | |

(*) Also includes the accrued component of the differentials accrued at 31 December 2020 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

(**) Derivative expired and terminated during 2020

30. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The levels are as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs that are not based on observable market data.

At 31 December 2021, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €157 thousand, classified within Level 2 of the hierarchical assessment of fair value.

Below follows a breakdown of the fair value for the different categories of assets and liabilities and related economic effects.

All categories below are classified as level 2 fair value.

FAIR VALUE BY CATEGORY - IFRS 9 - 31 December 2021

| € thousand | Carrying amount at 31 December 2021 | Amortized Cost | FV recognized in equity | FV recognized in profit or loss | IFRS 9 | Fair value at 31 December 2021 |
|-------------------------------|-------------------------------------|----------------|-------------------------|---------------------------------|----------|--------------------------------|
| Cash | 5,267 | | | | | 5,267 |
| Total | 5,267 | | | | | 5,267 |
| LIABILITIES | | | | | | |
| Liabilities at amortized cost | 9,797 | 9,797 | | | | 9,797 |
| Hedging derivatives | 158 | | 158 | | 0 | 158 |
| Total | 9,955 | 9,797 | 158 | | - | 9,955 |

NET PROFIT AND LOSS BY CATEGORY - IFRS 9 - 31 December 2021

| € thousand | Net profit and loss | of which from interest |
|-------------------------------|---------------------|------------------------|
| ASSETS | | |
| Cash | 4 | 4 |
| Hedging derivatives | 0 | 0 |
| Total | 4 | 4 |
| LIABILITIES | | |
| Liabilities at amortized cost | (298) | (298) |
| Total | (298) | (298) |

31. RELATED PARTIES TRANSACTIONS

The Group has relations with associates and other related parties at market condition deemed normal in the relevant reference markets, considering the characteristics of the goods and services provided.

In particular, these relations regarded:

- salary to Mr. Luca Morfino, employee of Fidia S.p.A.;
- compensation to the Board of Directors and Board of Auditors.

The impact of said transactions on the single items of the 2021 financial statements was stated in the relevant supplementary schedules of the statement of comprehensive income, statement of financial situation and statement of cash flows.

Data by year - 2021 (€thousand)

| Counterpart | Raw materials and consumables | Other operating costs | Personnel expenses | Finance expenses | Revenues | Other operating revenue | Finance revenue |
|---|-------------------------------|-----------------------|--------------------|------------------|----------|-------------------------|-----------------|
| Other related parties (Giuseppe and Luca Morfino and Carlos Maidagan) | 7 | 28 | 127 | | | | |
| Compensation Board of Directors | | | 271 | | | | |
| Compensation Board of Statutory Auditors | | 71 | | | | | |
| Total other related parties | 7 | 99 | 398 | | | | |

Data by year - 2020 (€thousand)

| Counterpart | Raw materials and consumables | Other operating costs | Personnel expenses | Finance expenses | Revenues | Other operating revenue | Finance revenue |
|---|-------------------------------|-----------------------|--------------------|------------------|----------|-------------------------|-----------------|
| Other related parties (Giuseppe and Luca Morfino and Carlos Maidagan) | 4 | 17 | 146 | - | - | - | - |
| Compensation Board of Directors | - | - | 413 | - | - | - | - |
| Compensation Board of Statutory Auditors | - | 97 | - | - | - | - | - |
| Total other related parties | 4 | 114 | 559 | - | - | - | - |

31 December 2021 (€thousand)

| Counterpart | Trade receivables | Other current receivables | Other current financial assets | Trade payables | Other current payables | Current financial liabilities |
|--|-------------------|---------------------------|--------------------------------|----------------|------------------------|-------------------------------|
| Other related parties Prometec Consortium | - | - | - | 2 | - | - |
| Other related parties (Giuseppe and Luca Morfino, Carlos Maidagan) | - | 16 | - | - | 5 | - |
| Other related parties (Payables to BoD) | - | - | - | - | 120 | - |
| Other related parties (Payables to Board of Statutory Auditors) | - | - | - | - | 233 | - |
| Total other related parties | - | 16 | - | 2 | 358 | - |

31 December 2020 (€thousand)

| Counterpart | Trade receivables | Other current receivables | Other current financial assets | Trade payables | Other current payables | Current financial liabilities |
|---|-------------------|---------------------------|--------------------------------|----------------|------------------------|-------------------------------|
| Other related parties Prometec Consortium | - | - | - | 2 | - | - |
| Other related parties (Giuseppe and Luca Morfino) | - | 13 | - | - | - | - |
| Other related parties (Payables to BoD) | - | - | - | - | 61 | - |
| Other related parties (Payables to Board of Statutory Auditors) | - | - | - | - | 153 | - |
| Total other parties related parties | - | 13 | - | - | 2 | 214 |

Compensation to Directors, Auditors and Executives with covering strategic company positions

The remuneration of the Directors, Statutory Auditors and executives with strategic responsibilities of Fidia S.p.A., for the performance of their functions in the parent company and in the companies included in the consolidated financial statements, is as follows:

| (€thousand) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| Directors | 271 | 413 |
| Auditors | 71 | 97 (*) |
| Executives with strategic responsibilities | - | - |
| Total compensation | 342 | 510 |

(*) compensation includes €46 thousand pertaining to the previous Board of Statutory Auditors that lapsed on 29 April 2020

32. NET FINANCIAL POSITION

In accordance with the provisions of Consob Notice of 28 July 2006 and in compliance with the notice issued by ESMA on 4.03.2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having application effective 5 May 2021, we report that the net financial position of the Fidia Group as at 31 December 2021 was as follows:

| (€thousand) | 31 December 2021 | 31 December 2020 |
|--|------------------|------------------|
| A <i>Cash</i> | 5,267 | 4,851 |
| B <i>Cash equivalents</i> | - | - |
| C <i>Other current financial assets</i> | - | - |
| D <i>Liquidity (A+B+C)</i> | 5,267 | 4,851 |
| E <i>Current financial debt</i> | 4,414 | 4,581 |
| F <i>Current portion of non-current financial debt</i> | 2,939 | 2,704 |
| G <i>Current financial indebtedness (E +F)</i> | 7,354 | 7,285 |
| H <i>Net current financial indebtedness (G-D) (credit)/debt (I-E-D)</i> | 2,087 | 2,434 |
| I <i>Non-current financial debt</i> | 6,608 | 7,570 |
| J <i>Debt instruments</i> | - | - |
| K <i>Non-current trade and other payables</i> | 10,300 | 5,740 |
| L <i>Non-current financial indebtedness (I +J+K)</i> | 16,908 | 13,310 |
| M <i>Total financial indebtedness (H+L)</i> | 18,995 | 15,744 |

33. NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the impact of changes in "Cash and Cash Equivalents" during the period. According to IAS 7 – Statement of Cash Flows, cash flows are classified into operating, investing and financing activities. The effects of the change in exchange rates on cash and cash equivalents are indicated separately under Differences in exchange rate translation.

Cash from (used in) by the transactions of the period results mainly from the Group's primary production activities.

The cash from (used in) by the investing activities indicates how the investments needed to obtain the resources necessary to generate future income and cash flows were made. Only investments that give rise to an asset in the statement of cash flows were classified under this item.

34. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2021 the company did not have any non-recurrent significant transactions.

35. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2021 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

36. TRANSLATION OF FINANCIAL STATEMENT OF FOREIGN COMPANIES

The exchange rates used for the translation into EUR of the 2021 and 2020 financial statements of the foreign companies are illustrated in the following table:

| Currency | Mean exchange rate of period | | Current exchange rate at year-end | |
|------------------|------------------------------|---------|-----------------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| USD | 1.1827 | 1.1422 | 1.1326 | 1.2271 |
| Real (Brazil) | 6.3779 | 5.8943 | 6.3101 | 6.3735 |
| Renminbi (China) | 7.6282 | 7.8747 | 7.1947 | 8.0225 |
| Rouble (Russia) | 87.1527 | 82.7248 | 85.3004 | 91.4671 |

37. DISCLOSURE ON TRANSPARENCY OF PUBLIC GRANTS

Information required by Article 1, paragraph 125, of Law No. 124 of 4 August 2017

Pursuant to the provisions of Article 3-quater of Decree Law 135/2019 for grants received, please refer to the indications contained in the National Register of State Aid, Transparency section, which provides the overall picture of grants made by public entities.

With reference to grants, and based on the interpretation of Assonime Circular 5/2020, they do not fall under the scope of Law 124/2017:

- the sums received as consideration for public works, services and supplies
- paid assignments that are part of the typical exercise of the company's activity
- the forms of incentive/subsidy received in application of a general aid scheme to all eligible persons
- public resources traceable to public entities in other countries (European or non-European) and to European institutions
- training contributions received from inter-professional funds set up in the legal form of associations.

Grants are identified on an accrual basis; as stipulated in the rule, grants of less than €10 thousand per disbursing party are excluded.

38. SUBSEQUENT EVENTS

With reference to significant events after year end, please refer to the special section " Significant events after year end and business outlook" contained in the Director's Report.

San Mauro Torinese, 27 October 2022
On behalf of the Board of Directors

The Chairman and CEO
Mr. Giuseppe Morfino



**Certificate pursuant to Article 81-ter
Consob Issuers' Regulation**

Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Giuseppe Morfino in the capacity as Chairman and CEO, and Secondo Dentis, in the capacity as Financial Reporting Officer of Fidia S.p.A. attest, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- a. adequacy with respect to the characteristics of the Company and
- b. actual application

of the administrative and accounting procedures for the formation of the consolidated financial statements during 2021.

2. It is also attested that:

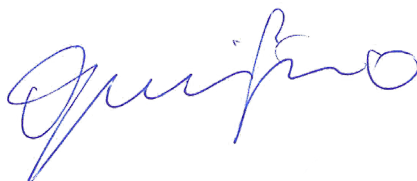
2.1. The consolidated financial statements:

- a. have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b. correspond to the books and accounting records;
- c. are suitable to give a true and fair view of the financial, economic and equity position of the issuer.

2.2. The Report on Operations includes a reliable analysis of the trends and of the result of operations, as well as of the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

San Mauro Torinese, 27/10/2022

Chairman and CEO
Giuseppe Morfino



Manager in charge of preparing the corporate accounting documents
Secondo Dentis



Report of Independent Auditors

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE
AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10
DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Fidia S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO CONSOLIDATO

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Fidia (il "Gruppo"), costituito dalla situazione patrimoniale e finanziaria consolidata al 31 dicembre 2021, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della Società di Revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla Fidia S.p.A. (la "Società") in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Incertezza significativa relativa alla continuità aziendale

Richiamiamo l'attenzione sul paragrafo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e sul paragrafo "continuità aziendale" della nota integrativa del bilancio consolidato, in cui gli Amministratori illustrano che sussiste un'incertezza significativa che può fa sorgere dubbi significativi circa la capacità di Fidia S.p.A. e del Gruppo di continuare ad operare sulla base del presupposto della continuità aziendale.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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In particolare, gli Amministratori indicano che tale incertezza risulta associata al rischio di mancato perfezionamento delle previsioni contenute nel piano concordatario, ivi inclusi gli aumenti di capitale che risultano necessari per dotare la Società e il Gruppo delle risorse necessarie per finanziare il previsto fabbisogno finanziario. Gli Amministratori informano peraltro di ritenere che gli slittamenti nel completamento dell'iter del piano concordatario, dovuti principalmente ai molteplici adempimenti necessari al fine del completamento dell'operazione, non rappresentino elemento ostativo al buon esito della stessa e illustrano le motivazioni per cui ritengono che tale iter possa essere ragionevolmente completato. Pertanto gli Amministratori hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della Società al 31 dicembre 2021.

Il nostro giudizio non è espresso con rilievi con riferimento all'aspetto sopra richiamato.

Le nostre procedure di revisione hanno incluso:

- analisi del processo di valutazione degli Amministratori relativamente alla capacità della capogruppo Fidia S.p.A. e del Gruppo di far fronte al fabbisogno finanziario e patrimoniale in un prevedibile futuro;
- analisi del fabbisogno finanziario della Società e del Gruppo lungo l'orizzonte temporale oggetto della valutazione sulla continuità aziendale effettuata dagli Amministratori;
- analisi della proposta di concordato preventivo, del relativo piano concordatario e di ulteriore documentazione relativa alla procedura di concordato preventivo;
- lettura critica dei verbali delle Assemblee degli Azionisti, delle riunioni del Consiglio di Amministrazione e del Collegio Sindacale;
- incontri e discussioni con la Direzione e con l'Organo di Controllo sugli elementi rilevanti;
- analisi degli eventi occorsi successivamente alla data di riferimento del bilancio, anche con riferimento all'iter degli aumenti di capitale;
- analisi dell'informativa fornita nelle note illustrative e nella relazione sulla gestione.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Oltre a quanto descritto nella sezione *Incertezza significativa relativa alla continuità aziendale*, abbiamo identificato gli aspetti di seguito descritti come aspetti chiave della revisione da comunicare nella presente relazione.

Recuperabilità delle attività non correnti del Gruppo Fidia

Descrizione dell'aspetto chiave della revisione Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2021 attività non correnti per Euro 13.054 migliaia, principalmente relative a "Immobili, impianti e macchinari" per Euro 10.027 migliaia e "Immobilizzazioni immateriali" per Euro 1.569 migliaia.

Il valore delle attività non correnti del Gruppo è stato sottoposto a test di *impairment* nell'ambito della verifica della recuperabilità delle stesse.

I processi e le modalità di valutazione e determinazione del valore recuperabile, in termini di valore d'uso, sono basati su assunzioni complesse che per loro natura implicano il ricorso al giudizio degli Amministratori, in particolare con riferimento alla previsione dei flussi di cassa futuri e alla determinazione dei tassi di crescita di lungo periodo e dei tassi di attualizzazione applicati alle previsioni dei flussi di cassa futuri.

In considerazione della significatività del valore delle attività non correnti, della soggettività delle stime attinenti alla determinazione dei flussi di cassa e delle variabili chiave del modello di *impairment*, la recuperabilità delle attività non correnti è stato ritenuto un aspetto chiave della revisione del bilancio del Gruppo.

Nella sezione "Principi contabili significativi" al paragrafo "Valore recuperabile delle attività non correnti" gli Amministratori riportano l'informativa relativa alla valutazione del capitale investito netto, ivi inclusa una *sensitivity analysis* che illustra gli effetti derivanti da variazioni nelle variabili chiave utilizzate ai fini del test di *impairment*.

| | |
|--------------------------------------|--|
| <p>Procedure di revisione svolte</p> | <p>Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure, anche avvalendoci del supporto di esperti:</p> <ul style="list-style-type: none"> • esame preliminare delle modalità usate dalla Direzione, con il supporto di un esperto indipendente, per lo sviluppo dell'<i>impairment test</i>; • comprensione dei controlli rilevanti posti in essere dal Gruppo sul processo di effettuazione dell'<i>impairment test</i>; • analisi di ragionevolezza delle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa anche mediante analisi di dati di settore e ottenimento di informazioni dalla Direzione; • analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani; • valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate); |
|--------------------------------------|--|

- verifica della *sensitivity analysis* predisposta dalla Direzione;
- esame dell'adeguatezza e della conformità rispetto a quanto previsto dallo IAS 36 dell'informativa fornita dal Gruppo sull'*Impairment test*.

Riconoscimento e competenza dei ricavi per la vendita di macchine

Descrizione dell'aspetto chiave della revisione Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2021 ricavi pari a Euro 23.837 migliaia, di cui Euro 11.902 migliaia relativi alla vendita di macchine, rilevati al momento in cui l'installazione e il collaudo vengono formalmente accettati dall'acquirente.

Le specificità delle condizioni contrattuali per questa tipologia di transazioni rende il processo di riconoscimento dei ricavi articolato in relazione alle diverse modalità di accettazione da parte del cliente e, pertanto, abbiamo considerato il riconoscimento dei ricavi è stato ritenuto un aspetto chiave della revisione del bilancio del Gruppo.

Nella sezione "Principi contabili significativi" al paragrafo "Riconoscimento dei Ricavi" è riportata l'informativa relativa al criterio di riconoscimento dei ricavi da parte del Gruppo.

| | |
|-------------------------------|---|
| Procedure di revisione svolte | <p>Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure:</p> <ul style="list-style-type: none"> • comprensione del processo adottato dal Gruppo per il riconoscimento dei ricavi; • comprensione dei principali controlli posti in essere dal Gruppo a presidio dei rischi di errato stanziamento e verifica, anche con il supporto di esperti di sistemi informativi, dell'operatività degli stessi; • esecuzione di procedure di validità con riferimento ai ricavi contabilizzati in prossimità della data di bilancio, tra cui l'esame della documentazione attestante i requisiti per il riconoscimento dei ricavi nel conto economico dell'esercizio o per il differimento del ricavo e del relativo margine, laddove di competenza dell'esercizio successivo; • esame dell'informativa di bilancio in relazione al riconoscimento dei ricavi. |
|-------------------------------|---|

Altri aspetti

Il bilancio consolidato del Gruppo Fidia per l'esercizio chiuso il 31 dicembre 2020 è stato sottoposto a revisione contabile da parte di un altro revisore che, in data 8 giugno 2022, ha espresso un giudizio senza modifica su tale bilancio con un richiamo d'informativa relativo a dubbi significativi sulla continuità aziendale.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Fidia S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della Società di Revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'Assemblea degli Azionisti della Fidia S.p.A. ci ha conferito in data 29 aprile 2020 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2021 al 31 dicembre 2029.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio sulla conformità alle disposizioni del Regolamento Delegato (UE) 2019/815

Gli Amministratori della Fidia S.p.A. sono responsabili per l'applicazione delle disposizioni del Regolamento Delegato (UE) 2019/815 della Commissione Europea in materia di norme tecniche di regolamentazione relative alla specificazione del formato elettronico unico di comunicazione (ESEF – *European Single Electronic Format*) (nel seguito "Regolamento Delegato") al bilancio consolidato, da includere nella relazione finanziaria annuale.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 700B al fine di esprimere un giudizio sulla conformità del bilancio consolidato alle disposizioni del Regolamento Delegato.

A nostro giudizio, il bilancio consolidato è stato predisposto nel formato XHTML ed è stato marcato, in tutti gli aspetti significativi, in conformità alle disposizioni del Regolamento Delegato.

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D. Lgs. 58/98

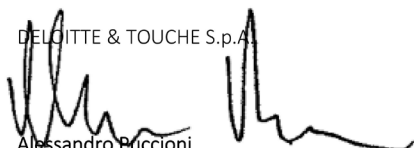
Gli Amministratori della Fidia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del gruppo Fidia al 31 dicembre 2021, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D.Lgs. 58/98, con il bilancio consolidato del gruppo Fidia al 31 dicembre 2021 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del gruppo Fidia al 31 dicembre 2021 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.



Alessandro Puccioni
Socio

Torino, 28 ottobre 2022



**Financial statements at 31 December 2021 -
Fidia S.p.A.**

FIDIA S.p.A.: Financial Statements at 31 December 2021

Income Statement (*)

| (euro) | Notes | FY2021 | FY2020 |
|---|-------|--------------------|-------------------|
| - Net sales | 1 | 14,470,958 | 11,638,740 |
| - Other revenues and income | 2 | 1,336,537 | 1,962,150 |
| Total revenues | | 15,807,495 | 13,600,890 |
| - Changes in inventories of finished goods and work in progress | | (1,276,829) | (689,310) |
| - Consumption of raw materials | 3 | (5,145,769) | (4,656,764) |
| - Personnel expenses | 4 | (5,328,666) | (5,773,188) |
| - Other operating costs | 5 | (5,182,461) | (4,234,355) |
| - Depreciation, amortisation and write-downs | 6 | (1,322,000) | (2,724,604) |
| - Profit/(loss) from ordinary business | | (2,448,231) | (4,477,330) |
| - Recovery/(write-down) of investments | 7 | - | (4,884,151) |
| - Non-recurring income/(expenses) | 8 | - | - |
| - Operating profit/(loss) | | (2,448,231) | (9,361,482) |
| - Finance income (expenses) | 9 | (397,764) | (219,085) |
| - Profit/(loss) before tax | | (2,845,995) | (9,580,567) |
| - Income tax | 10 | (11,658) | 6,688 |
| - Profit/(loss) for continuing operations | | (2,857,653) | (9,573,879) |
| - Profit/(loss) for discontinued operations | | - | - |
| - Profit/(loss) for the period | | (2,857,653) | (9,573,879) |

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the profit or loss of Fidia S.p.A. are posted in the relevant statement of comprehensive income Schedule illustrated below and further defined in Note No. 31.

FIDIA S.p.A.: Financial Statements at 31 December 2021

Statement of comprehensive income (*)

| (€thousand) | FY2021 | FY2020 |
|--|----------------|----------------|
| Profit/(Loss) for the period (A) | (2,858) | (9,574) |
| Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss: | | |
| Profits/(Losses) on cash flow hedges | 133 | (61) |
| Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss | (32) | 14 |
| Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1) | 101 | (47) |
| Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss: | | |
| Actuarial gains/(losses) on defined benefit plans | (79) | (40) |
| Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss | 19 | 10 |
| Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2) | (60) | (30) |
| Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2) | 41 | (77) |
| Total comprehensive profit/(loss) of the period (A)+(B) | (2,817) | (9,651) |

FIDIA S.p.A.: Financial Statements at 31 December 2021

Statement of financial position (*)

| (euro) | Notes | 31-Dec-21 | 31-Dec-20 |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| - Property, plant and equipment | 11 | 8,152,615 | 9,019,365 |
| - Intangible assets | 12 | 1,558,219 | 1,962,352 |
| - Equity Investments | 13 | 6,646,104 | 6,646,104 |
| - Other non-current receivables and assets | 14 | 197,244 | 40,182 |
| - Pre-paid tax assets | 10 | 409,035 | 433,603 |
| TOTAL NON-CURRENT ASSETS | | 16,963,217 | 18,101,607 |
| CURRENT ASSETS | | | |
| - Inventory | 15 | 8,130,533 | 9,177,626 |
| - Trade receivables | 16 | 6,998,166 | 3,525,430 |
| - Current tax receivables | 17 | 310,793 | 306,595 |
| - Other current receivables and assets | 17 | 2,441,820 | 2,199,718 |
| - Other current financial receivables | 18 | 84,000 | 120,000 |
| - Cash and cash equivalents | 19 | 1,969,913 | 1,373,216 |
| TOTAL CURRENT ASSETS | | 19,935,226 | 16,702,585 |
| TOTAL ASSETS | | 36,898,443 | 34,804,191 |
| LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| - Share capital | | 5,123,000 | 5,123,000 |
| - Share premium reserve | | 1,239,693 | 1,239,693 |
| - Legal reserve | | 882,831 | 882,831 |
| - Provisions for treasury shares in portfolio | | 45,523 | 45,523 |
| - Extraordinary reserve | | 309,054 | 309,054 |
| - Cash flow hedge provisions | | -116,808 | -217,938 |
| - Profit (loss) carried forward | | -12,808,369 | -3,234,491 |
| - Treasury shares | | -45,523 | -45,523 |
| - Reserve profits on exchange rates not realized | | 8,022 | 8,022 |
| - Profit (loss) stated directly in equity | | -285,222 | -224,972 |
| - Profit/(loss) for the period | | -2,857,653 | -9,573,879 |
| TOTAL SHAREHOLDERS' EQUITY | 20 | -8,505,452 | -5,688,680 |
| NON-CURRENT LIABILITIES | | | |
| - Other non-current payables and liabilities | 21 | 195,117 | 362,683 |
| - Termination benefits | 22 | 2,187,766 | 2,114,374 |
| - Other non-current financial liabilities | 23 | 157,916 | 291,270 |
| - Non-current financial liabilities | 24 | 5,064,024 | 5,840,953 |
| TOTAL NON-CURRENT LIABILITIES | | 7,604,823 | 8,609,280 |
| CURRENT LIABILITIES | | | |
| - Current financial liabilities | 24 | 8,895,044 | 8,522,568 |
| - Trade payables | 25 | 16,814,086 | 14,443,634 |
| - Current tax payables | 26 | 820,767 | 582,512 |
| - Other current payables and liabilities: | 26 | 10,503,701 | 7,590,983 |
| - Provisions for risks and expenses | 27 | 765,474 | 743,895 |
| TOTAL CURRENT LIABILITIES | | 37,799,072 | 31,883,591 |
| TOTAL LIABILITIES | | 36,898,443 | 34,804,191 |

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the Statement of Financial Position of Fidia S.p.A. are posted in the relevant Statement of Financial Position Schedule illustrated below and further defined in Note No. 31.

FIDIA S.p.A.: Financial statements at 31 December 2021

Statement of Cash Flows (*)

| (€thousand) | 2021 | 2020 |
|--|--------------|----------------|
| A) Cash on hand and cash equivalents at beginning of year | (694) | (1,987) |
| B) Cash from/(used in) operating activities | | |
| - Profit/(loss) of the period | (2,858) | (9,574) |
| - Depreciation and amortization of tangible and intangible assets | 1,318 | 1,931 |
| - Net loss (gain) on disposal of tangible assets | (14) | (5) |
| - Write-down/(recovery in value) of investments | - | 4,668 |
| - Net change in provision for termination benefits | 74 | (45) |
| - Net change in provisions for risks and charges | 21 | (349) |
| - Net change (assets) liabilities for (pre-paid) deferred taxes | 25 | (8) |
| Net change in working capital: | | |
| - receivables | (3,876) | 3,303 |
| - inventory | 1,047 | 2,085 |
| - payables (**) | 5,352 | 1,943 |
| | 1,088 | 3,949 |
| C) Cash from/(used in) investing activities | | |
| - Investments in | | |
| tangible fixed assets | (1) | (78) |
| intangible fixed assets | (47) | (305) |
| Equity investments | - | - |
| - Proceeds from the sale of: | | |
| tangible fixed assets | 14 | 121 |
| | (34) | (262) |
| D) Cash from/(used in) financing activities | | |
| - Net change in other current and non-current financial assets and liabilities | (97) | 62 |
| - New loans | (143) | 2,339 |
| - Loans paid (***) | (579) | (4,718) |
| - Change in reserves | (41) | (77) |
| Total | (492) | (2,394) |
| E) Net change in cash and cash equivalents | 565 | 1,293 |
| F) Cash and cash equivalents at year end | (129) | (694) |
| Breakdown of cash and cash equivalents: | | |
| Cash and cash equivalents | 1,970 | 1,373 |
| Overdrawn bank accounts | (2,099) | (2,067) |
| | (129) | (694) |

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related parties transactions on the statement of cash flows of Fidia S.p.A. are posted in the relevant Statement of Cash Flows Schedule illustrated below.

(**) of which €0 thousand in taxes paid

(***) of which €248 thousand in interest paid

FIDIA S.p.A.: Financial Statements at 31 December 2021

Statement of Changes in Shareholders' Equity

| (€thousand) | Share capital | Treasury shares | Share premium reserve | Legal reserve | Reserve for own shares in portfolio | Extraordinary reserve | Cash flow hedge reserve | Reserve profits on exchange rates not realized | Profit (loss) carried forward | Profit (loss) reported directly to shareholders' equity | Net result | Total shareholders' equity |
|---|---------------|-----------------|-----------------------|---------------|-------------------------------------|-----------------------|-------------------------|--|-------------------------------|---|------------|----------------------------|
| Balance at 1 January 2020 | 5,123 | (46) | 1,240 | 883 | 46 | 309 | (171) | 8 | 542 | (195) | (3,777) | 3,962 |
| Allocation of net income of previous year | | | | | | | | | (3,777) | | 3,777 | - |
| Total comprehensive profit/(loss) | | | | | | | (47) | | | (30) | (9,574) | (9,651) |
| Balance at 31 December 2020 | 5,123 | (46) | 1,240 | 883 | 46 | 309 | (218) | 8 | (3,235) | (225) | (9,574) | (5,689) |
| Allocation of net income of previous year | | | | | | | | | (9,574) | | 9,574 | - |
| Total comprehensive profit/(loss) | | | | | | | 101 | | (1) | (60) | (2,858) | (2,818) |
| Balance at 31 December 2021 | 5,123 | (46) | 1,240 | 883 | 46 | 309 | (117) | 8 | (12,809) | (285) | (2,858) | (8,505) |

FIDIA S.p.A.: Financial Statements at 31 December 2021

Income Statement

as per Consob Resolution no. 15519 of 27 July 2006

| (€thousand) | Notes | FY2021 | Of which related parties | FY2020 | Of which related parties |
|---|-------|----------------|--------------------------|----------------|--------------------------|
| - Net sales | 1 | 14,471 | 6,791 | 11,639 | 5,244 |
| - Other revenues and income | 2 | 1,337 | 505 | 1,962 | 760 |
| Total revenues | | 15,807 | | 13,601 | |
| - Changes in inventories of finished goods and work in progress | | (1,277) | | (689) | |
| - Consumption of raw materials | 3 | (5,146) | (106) | (4,657) | (6) |
| - Personnel expenses | 4 | (5,329) | (72) | (5,773) | (240) |
| - Other operating costs | 5 | (5,183) | (569) | (4,234) | (610) |
| - Depreciation, amortisation and write-downs | 6 | (1,322) | | (2,725) | |
| - Profit/(loss) from ordinary business | | (2,448) | | (4,477) | |
| - Recovery/(write-down) of investments | 7 | - | | (4,884) | |
| - Non-recurring income/(expenses) | 8 | - | | - | |
| - Operating profit/(loss) | | (2,448) | | (9,361) | |
| - Finance income (expenses) | 9 | (398) | 4 | (219) | 77 |
| - Profit/(loss) before tax | | (2,846) | | (9,580) | |
| - Income tax | 10 | (12) | | 7 | |
| - Profit/(loss) for continuing operations | | (2,858) | | (9,574) | |
| - Profit/(loss) for discontinued operations | | - | | - | |
| - Profit/(loss) for the period | | (2,858) | | (9,574) | |

FIDIA S.p.A.: Financial Statements at 31 December 2021

Statement of financial position

as per Consob Resolution no. 15519 of 27 July 2006

| (€thousand) | Notes | 31 December 2021 | of which related parties | 31 December 2020 | Of which related parties |
|--|-------|------------------|--------------------------|------------------|--------------------------|
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| - Plant and equipment | 11 | 8,153 | 76 | 9,019 | 76 |
| - Intangible assets | 12 | 1,558 | | 1,962 | |
| - Equity Investments | 13 | 6,646 | | 6,646 | |
| - Other non-current receivables and assets | 14 | 197 | | 40 | |
| - Pre-paid tax assets | 10 | 409 | | 434 | |
| TOTAL NON-CURRENT ASSETS | | 16,963 | | 18,101 | |
| CURRENT ASSETS | | | | | |
| - Inventory | 15 | 8,131 | | 9,178 | |
| - Trade receivables | 16 | 6,998 | 3,158 | 3,526 | 2,086 |
| - Current tax receivables | 17 | 311 | | 307 | |
| - Other current receivables and assets | 17 | 2,442 | 1,224 | 2,200 | 1,096 |
| - Other current financial receivables | 18 | 84 | 84 | 120 | 120 |
| - Cash and cash equivalents | 19 | 1,970 | | 1,373 | |
| TOTAL CURRENT ASSETS | | 19,935 | | 16,704 | |
| TOTAL ASSETS | | 36,898 | | 34,805 | |
| LIABILITIES | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| - Share capital | | 5,123 | | 5,123 | |
| - Share premium reserve | | 1,240 | | 1,240 | |
| - Legal reserve | | 883 | | 883 | |
| - Provisions for treasury shares in portfolio | | 46 | | 46 | |
| - Extraordinary reserve | | 309 | | 309 | |
| - Cash flow hedge provisions | | (117) | | (218) | |
| - Profit (loss) carried forward | | (12,809) | | (3,235) | |
| - Treasury shares | | (46) | | (45) | |
| - Reserve profits on exchange rates not realized | | 8 | | 8 | |
| - Profit (loss) stated directly in equity | | (285) | | (225) | |
| - Profit/(loss) for the period | | (2,858) | | (9,574) | |
| TOTAL SHAREHOLDERS' EQUITY | 20 | (8,505) | | (5,689) | |
| NON-CURRENT LIABILITIES | | | | | |
| - Other non-current payables and liabilities | 21 | 195 | | 363 | |
| - Termination benefits | 22 | 2,188 | | 2,114 | |
| - Other non-current financial liabilities | 23 | 158 | | 291 | |
| - Non-current financial liabilities | 24 | 5,064 | | 5,841 | |
| TOTAL NON-CURRENT LIABILITIES | | 7,605 | | 8,609 | |
| CURRENT LIABILITIES | | | | | |
| - Current financial liabilities | 24 | 8,895 | 2,195 | 8,522 | 2,052 |
| - Trade payables | 25 | 16,814 | 6,247 | 14,444 | 5,658 |
| - Current tax payables | 26 | 821 | | 582 | |
| - Other current payables and liabilities: | 26 | 10,504 | 1,944 | 7,591 | 1,079 |
| - Provisions for risks and expenses | 27 | 765 | | 744 | |
| TOTAL CURRENT LIABILITIES | | 37,799 | | 31,883 | |
| TOTAL LIABILITIES | | 36,898 | | 34,805 | |

FIDIA S.p.A.: Financial Statements at 31 December 2021

Statement of Cash Flows

as per Consob Resolution no. 15519 of 27 July 2006

| (€thousand) | 2021 | of which related parties | 2020 | of which related parties |
|--|--------------|--------------------------|----------------|--------------------------|
| A) Cash on hand and cash equivalents at beginning of year | (694) | | (1,987) | |
| B) Cash from/(used in) operating activities | | | | |
| - Profit/(loss) of the period | (2,858) | | (9,574) | |
| - Depreciation and amortization of tangible and intangible assets | 1,318 | | 1,931 | |
| - Net loss (gain) on disposal of tangible assets | (14) | | (5) | |
| - Write-down/(recovery in value) of investments | - | | 4,668 | |
| - Net change in provision for termination benefits | 74 | | (45) | |
| - Net change in provisions for risks and charges | 21 | | (349) | |
| - Net change (assets) liabilities for (pre-paid) deferred taxes | 25 | | (8) | |
| Net change in working capital: | | | | |
| - receivables | (3,876) | (1,194) | 3,303 | 981 |
| - inventory | 1,047 | | 2,085 | |
| - payables (*) | 5,352 | 1,394 | 1,943 | 512 |
| | 1,088 | | 3,949 | |
| C) Cash from/(used in) investing activities | | | | |
| - Investments in | | | | |
| tangible fixed assets | (1) | | (78) | |
| intangible fixed assets | (47) | | (305) | |
| Equity investments | | | - | |
| - Proceeds from the sale of: | | | | |
| tangible fixed assets | 14 | | 121 | |
| | (34) | | (262) | |
| D) Cash from/(used in) financing activities | | | | |
| - Net change in other current and non-current financial assets and liabilities | (97) | 36 | 62 | 1 |
| - New loans | (143) | | 2,339 | 301 |
| - Loans paid (**) | (579) | | (4,718) | (518) |
| - Change in reserves | (41) | | (77) | |
| | (492) | | (2,394) | |
| E) Net change in cash and cash equivalents | 565 | | 1,293 | |
| F) Cash and cash equivalents at year end | (129) | | (694) | |
| Breakdown of cash and cash equivalents: | | | | |
| Cash and cash equivalents | 1,970 | | 1,373 | |
| Overdrawn bank accounts | (2,099) | | (2,067) | |
| | (129) | | (694) | |

(*) of which €0 thousand in taxes paid

(**) of which €248 thousand in interest paid

Notes to Financial Statements

Notes to financial statements

COMPANY INFORMATION

Fidia S.p.A. is an entity organized according to the law of the Italian Republic and is the Parent Company that directly holds the interests in the companies of the Fidia Group.

The company is based in San Mauro Torinese (Turin), Italy.

The Financial Statements at 31 December 2021, consist of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the Financial Statements. Its publication was authorised by the company's Board of Directors on 27 October 2022.

The Financial Statements of Fidia S.p.A. are drawn up in EUR, which is the currency of the economy in which the company operates.

The statement of comprehensive income and Statement of Financial Position are presented in units of Euro, while the Statement of Comprehensive Income, the Statement of Cash Flows, Statement of Changes in Equity and the values stated in the Notes are presented in € thousand.

Fidia S.p.A., in the capacity of parent company, has also drafted the Consolidated Financial Statements of the Fidia Group at 31 December 2021.

SIGNIFICANT EVENTS AFTER YEAR END AND BUSINESS OUTLOOK

The Group closed the year with a net loss of €3.5 million related to third parties for €0.3 million, mainly due to the operating loss of €2.6 million, related to the reduction in new orders, as a result of general tension in some markets in which the Group operates and which have slowed down investment demand. In terms of net financial indebtedness, there was an improvement compared to 31 December 2020, standing at €8.7 million at 31 December 2021, as a result of the standstill agreement signed with lenders at the beginning of April 2020 and extended until the end of the period, which involved the suspension of the repayment of the principal amounts of the related loans. This agreement was superseded by the Arrangement Procedure, which kept the suspension of repayment intact.

In particular, the Covid-19 health emergency continued to have a direct impact on the smooth running of Fidia's business.

The Fidia crisis

The Company's economic and financial crisis, which broke out in the year 2020, forced the Company to initiate the arrangement procedure that took place on 13 November 2020.

In the year 2021, despite the ongoing Covid-19 pandemic and the resulting difficulties and freeze in markets, the Company managed not to worsen the economic and commercial performance, substantially holding ground in terms of sales and pursuing a careful cost-cutting policy. During 2021, the Company monitored its business and financial activities on a monthly basis with periodic reporting to the Board of Directors and the court-appointed commissioner. In addition, it carried out an important activity in collaboration with the professionals in charge of drafting the Arrangement Plan, especially, in order to obtain the ruling approving the arrangement, which was handed down by the Court of Ivrea on 22 June 2022.

The reasons for the economic and financial crisis of Fidia, and consequently of the related Group, appear to be attributable mainly to the spread of the Covid -19 pandemic and its impact on the markets in which the Group operates stably. The pandemic difficulties thus added to the crisis that had already affected the automotive and aerospace sectors in 2019.

The latter sector was hard hit by the China-U.S. trade war starting as early as May 2019, which effectively blocked the Chinese market, which is particularly important to the Company.

The Covid-19 health emergency

The outbreak of Covid-19 unfolded in China starting in the second half of January 2020, then expanded to a global scale during February and significantly hit Italy. This epidemic was declared a pandemic by the World Health Organization on 11 March 2020. In addition to the already known health effects, macroeconomic uncertainty had negative effects on the company's economic performance.

In terms of the economic and financial effects related to Covid-19, the Company also experienced the actual negative effects resulting from the pandemic in the year 2021.

Actions taken by the Company to tackle the Group crisis

In 2021, the Company continued the operational and related activities of the Arrangement Plan, already undertaken since 2019 and referred to here in full.

In order to preserve the economic and financial balance, during 2019 and 2020, Fidia's Management initiated, on the one hand, a series of specific actions to reduce and contain costs, including the activation of the solidarity contract for the San Mauro Torinese site (as of 2 September 2019) and for the Forlì site (as of 2 January 2020), and on the other hand, a series

of operational actions set out in specific business plans, also one very close to the other.

Specifically, prior to the initiation of the arrangement in continuity, the BoD took the following actions:

- approval of a (first) business plan for periods 2020-2022 (of which 2020 was the budget year) with a forecast of recovering operating profitability as early as 2020 and recovery of the order backlog and revenues for the next two years, also based on forecasts of dynamics in the target market issued by trade associations;
- filing of an application in March 2020 for standstill with major lending institutions, later granted, aimed at maintaining short-term credit lines and a moratorium in the payment of principal instalments due on medium- to long-term loans until 31 July 2020 (later extended in July 2020 until the end of the year);
- preparation of a new business plan with the support of an external Advisor for fiscal years 2020-2024 in order to reflect the effects of Covid-19 in the forecasts.

As illustrated above, the actual losses as at 31 March 2020, together with the losses accrued in previous years - as reflected in the economic and financial situation as at 31 March 2020, the draft of which was approved by the Board of Directors on 29 June 2020, resulted in an overall loss exceeding one third of the share capital, making the provisions of Article 2446 of the Italian Civil Code applicable. On 31 July 2020, the shareholders' meeting - convened for this purpose "without delay" - passed a resolution (together with the approval of the financial and economic situation as at March 31, 2020) to carry forward losses pursuant to and in accordance with Article 6 of Decree Law 23/2020, converted into Law 40/2020.

With regard to the trend in Fidia's net equity for the period under consideration, due to the loss recorded in the first half of the year, as at 30 June 2020, there was still an overall loss of more than one-third of the share capital (referring to the statement of financial position of Fidia S.p.A. prepared as part of the consolidated half-year financial report).

In the light of the situation that had arisen - aggravated by the effects of the Covid-19 pandemic - the BoD took action "without delay" - pursuant also to the requirements of Article 2086, paragraph 2, of the Italian Civil Code - "for the adoption and implementation of one of the tools provided by the law for overcoming the crisis and the recovery of going concern," identified in the arrangement with reserve, functional to the filing of a plan and a proposal for an arrangement with direct business continuity pursuant to Article 186 bis of the Bankruptcy Law. This decision was considered the most appropriate, in light of the state of crisis of the Company, to ensure the protection, even partial, of the rights of creditors and the continuation of operations.

Fidia's Arrangement Procedure

In light of the foregoing, with a motion filed on 13 November 2020, Fidia requested the Court of Ivrea to be admitted to the arrangement procedure pursuant to Article 161, sixth paragraph, of the Bankruptcy Law, with the granting, pursuant to and for the purposes of the same provision, of a term of one hundred and twenty days for the filing of the proposal, plan and documentation pursuant to Article 161, second and third paragraphs, of the Bankruptcy Law, or of the application for approval of a debt restructuring agreement, pursuant to Article 182bis, first paragraph, of the Bankruptcy Law, as well as to determine the periodic reporting obligations (pursuant to Article 161, eighth paragraph, of the Bankruptcy Law), including those related to the company's financial management, to be fulfilled until the expiration of the aforementioned deadline.

By a decree communicated on 1 December 2020, the Court of Ivrea admitted the Company to arrangement with creditors with rights reserved to file ancillary documents at a later date, giving a deadline until 31 March 2021 for the filing of a final proposal for arrangement with creditors (with the plan and complete documentation referred to in Article 161, paragraphs 2 and 3, of the Bankruptcy Law) or an application for approval of debt restructuring agreements under Article 182bis of the Bankruptcy Law.

During the period of the reservation phase of the Procedure, in compliance with the provisions of the opening decree of 1 December 2020, the Company filed periodic information memoranda, accompanied with the relevant updated financial statements, meeting all the required deadlines.

Following Fidia's motion, in line with the favourable opinion issued by the court-appointed commissioner, the Court granted the extension pursuant to Article 161, paragraph 6, of the Bankruptcy Law, thus postponing the deadline for filing the plan and the proposal of arrangement by an additional 60 days to 31 May 2021.

Upon an additional motion and upon finding concrete and justified reasons pursuant to the Covid-19 emergency regulations under Decree Law No. 23/2020, the Court further postponed the deadline for filing the Arrangement Plan and Proposal to 29 September 2021, ordering that the Company file, as it did, the relevant periodic disclosures by 31 July, 30 August and 15 September 2021.

It is necessary here, to confirm that since the start of arrangement the Company has been conducting its business activities in terms of ordinary management in accordance with its corporate purpose and as a going concern, in order to preserve the value of its assets and, with them, the possibility of better satisfying creditors. At the same time, Fidia started a complex process of searching the market for possible third-party investors who would be interested in supporting the company's continuity and, with it, the successful outcome of the current arrangement procedure.

At the end of this search, the Company identified Futuro all'Impresa S.r.l., supported by the financial entity Negma Group Limited, as partners willing to support restructuring under this arrangement procedure and subject to the finality of the approval decree.

In light of the above and in accordance with Article 161, paragraph 3, of the Bankruptcy Law, the Company then filed the Plan and the Proposal for Arrangement, together with all the documentation referred to in Article 161, paragraphs 2 and 3,

of the Bankruptcy Law, within the terms set by the Court.

More specifically:

- the Plan provided for the analytical description of the manner and timing of fulfilling the Proposal, as required by Article 161, paragraph 2, letter e), of the Bankruptcy Law and thus direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law;

The Arrangement Proposal provides for a comprehensive financial and capital consolidation operation to be implemented, in short, through the continuation of the Company's business activity, aimed at ensuring its continuation as a going concern. This capital and financial consolidation operation is covered by the irrevocable and guaranteed commitment of the Investors, contained in the offer and Investment Agreement agreed upon and submitted to the Company. In detail, the offer includes:

(i) establishment by FAI of a limited liability company based in Italy, with a share capital of €100,000 and managed by Mr. Enrico Scio. This company was incorporated on 13 April 2022 under the name FAI Bidco Uno S.r.l. ("FAI Bidco Uno");

(ii) an increase in the share capital of FAI Bidco Uno in the amount of €4,132,413 ("Aucap Fai Bidco Uno S.r.l."), within 30 days of the approval of the Arrangement Plan, to be carried out only if fully subscribed and in two tranches:

- the first, totalling €2,132,413 (of which €80,000 was nominal and €2,052,413 was share premium), subscribed and paid for by Mr. Morfino, in kind, through the contribution of all the shares held by him in Fidia's share capital;

- the second, in the amount of €2,000,000 (including €220,000 in nominal amount and €1,780,000 as premium), subscribed and paid in cash by Negma;

(iii) the issuance of a convertible bond cum warrant by Fidia in the total amount of €10,000,000, to be issued in one or more tranches, excluding option rights ("POC"), which Negma has committed to subscribe and pay in full.

Specifically, having taken note of the postponement of the date of the Company's capital increase, on 21 October 2022 Negma confirmed its willingness to continue with the investment, now scheduled for 18 November 2022, and declared its readiness to carry out the capital increase in Fai Bidco Uno S.r.l. by the same date, subject to the Company carrying out all the steps deemed necessary to proceed with the capital increase in Fidia S.p.A. within the timeframe indicated above.

(iv) the execution of an overall capital increase with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:

a. €2,000,000, to be reserved for subscription in cash by FAI Bidco Uno ("Reserved Capital Increase");

b. €10,000,000 to be allocated for the conversion of the POC subscribed by Negma (the "POC Capital Increase");

c. €2,000,000 to service the possible exercise of warrants.

Thus, the Arrangement Plan provides, in addition to the full payment of procedural costs and claims as a preferential creditor:

- payment in full of general preferential claims (other than the exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law);
- the division of ab-initio unsecured creditors divided into two classes, which provide:
 - Class 1: unsecured claims and exposure for VAT collected at source degraded due to insufficient earnings under Article 160, paragraph 2, of the Bankruptcy Law, which will be satisfied in the guaranteed amount of 10.15% by 29 February 2024;
 - Class 2: unsecured receivables that - in addition to the guaranteed amount of 10.15% by 29 February 2024 - will be satisfied by the additional assets resulting from the execution of the commitment guaranteed by Mr. Morfino, thus increasing - as a result of the contribution of third-party resources other than the company's assets - the related satisfaction.

Following the filing of the Plan and Proposal for Arrangement and the filing of additional clarifications requested by the Court, by order dated 29 November 2021, Fidia's arrangement procedure was opened, setting the meeting for 27 April 2022.

On 11 March 2022, the court-appointed commissioner filed the Report pursuant to article 172 of the Bankruptcy Law in which, as a result of the analyses, findings and assessments carried out, he found that the Arrangement Proposal allowed for a better and faster satisfaction of the creditors, compared to the only practically feasible alternative, i.e., bankruptcy. In addition, in his Report pursuant to Article 172 of the Bankruptcy Law the court-appointed commissioner requested that the Company be able to proceed with the approval of the financial statements 2021 no later than the hearing for the approval of the arrangement procedure.

On 27 April 2022, a meeting of creditors was held at which sufficient affirmative votes were cast to secure a majority of affirmative votes in Class 2, but not in Class 1.

On 19 May 2022, the court-appointed commissioner submitted the final statement of the acceptances received within the 20-day period following the meeting, confirming that the majorities (in all classes) required by Article 177 of the Bankruptcy Law for approval of the proceedings had been achieved.

On 22 June 2022, the Court of Ivrea issued the order approving the arrangement as a going concern and then ordered the Company to carry out the fulfilments of the arrangement plan filed at the time and thus the fulfilment of the provisions contained in the same plan and the planned capital increase transactions. Pursuant to Article 186 of the Bankruptcy Law, the court-appointed commissioner will supervise its fulfilment in the manner set forth in the approval ruling, reporting to the court any fact that may prejudice creditors.

As a result of the discussions between the Company and the Investors following the approval of arrangement, the parties agreed to increase the total amount of the Capital Increase, from €14,000,000 to €22,000,000, specifically providing for an increase in the Capital Increase to service the possible exercise of the warrants from €2,000,000 to €10,000,000, as resolved by the Company's Board of Directors, which on 6 October 2022 approved the Directors' Explanatory Report prepared in accordance with Article 2441, paragraph 6, of the Italian Civil Code, by which it submitted the relevant capital increase proposals (the "Capital Increase Proposals") to the Company's Extraordinary Shareholders' Meeting, convened on 18 November 2022 (see page 5).

However, as of today's date, the capital increase of Fai Bidco Uno S.r.l. has not yet been subscribed and paid within the terms stipulated in the Arrangement Plan, and consequently Negma and Mr. Morfino agreed on a different timeline for its completion, which as of today is scheduled for 18 November 2022. The court-appointed judicial commissioner was informed of this change, and he invited the parties to proceed, without further delay, with the necessary steps to execute the capital increase of Fai Bidco Uno S.r.l. on 18 November 2022 so as to provide the Company with the consequent financial resources no later than 21 November 2022.

In light of the above, it can be reasonably ruled out that judicial measures will be taken to interrupt the course of action initiated before 21 November 2022.

Moreover, postponement, mainly due to the multiple obligations necessary in order to complete the transaction, is not considered by the directors, also based on the opinion of their lawyers, to be an obstacle to the successful completion of the transaction.

Going concern assumption

As explained above, on 6 October 2022, Fidia's Board of Directors resolved on the Capital Increase Proposals to be submitted for approval to Fidia's Shareholders' Meeting scheduled for 18 November 2022, which are instrumental and preparatory to the implementation of the Arrangement Proposal.

The Arrangement Plan process is still in the execution phase and, in particular, as of the date of preparation of these financial statements, the capital increase of Fai Bidco Uno S.r.l., preparatory to the Capital Increase reserved for Fai Bidco Uno of €2 million, which according to the Arrangement Proposal should have been executed within 30 days of the approval of the Arrangement Plan on 22 June 2022, has not yet been executed. As a result of the following discussions between the parties, as of today the Bidco capital increase is scheduled for 18 November 2022, and both Mr. Morfino and Negma have confirmed their intention to follow up on this capital increase, also taking into account Negma's commitment dated 21 October 2022 mentioned above.

For the purpose of executing Fidia's capital increases, the agreement governing the issuance of the Bonds and Warrants (the "Agreement"), to which the POC Regulations (the "POC Regulations") and the Warrant Regulations are attached, was also signed. This Agreement as at the date of preparation of the draft financial statements has not yet been signed, but it is expected to be finalised according to timelines consistent with the resolution of the shareholders' meeting regarding the Proposed Capital Increase.

Given that the steps required to implement the Arrangement Proposal have not yet been completed, in the opinion of the directors, there is significant uncertainty that may cast significant doubt on the ability of Fidia and the Group to continue operating on a going concern basis. Moreover, this uncertainty is associated with the risk of failure to finalise the forecasts contained in the arrangement plan that have not yet been completed to date, including the planned capital increases, which are necessary in order to provide the Company and the Group with the necessary resources to finance the expected financial requirements.

Nonetheless, taking into account Negma's confirmation of its commitment to pay the capital increase Bidco pertaining to it by providing this company with the necessary resources to carry out the Reserved Capital Increase of €2 million and the expected approval by the Extraordinary Shareholders' Meeting convened for 18 November 2022 of the Proposed Capital Increases and the consequent execution of these capital increases and issuance of the POC, to the extent necessary to cover the financial needs of the Company and the Group over the foreseeable future, and having carried out the necessary assessments, the Directors believe that the process of the arrangement plan can reasonably be completed.

In addition, with reference to the short-term cash needs (next 12 months) of the Company and Group, based on the flows processed for the period from September 2022 to August 2023, the Directors are confident that upon successful completion of the planned capital increases, there will be no financial shortfall for the Company and the Group.

Based on these assumptions, therefore, the Directors consider it appropriate to use the going concern assumption for the preparation of the annual and consolidated financial statements for the period ending 31 December 2021, including the following:

- the Proposal was approved by a majority of eligible creditors, having reached the quorum required by law;
- the approval of the Arrangement Plan by the competent court took place on 22 June 2022;
- the business plan prepared by the Company for the period 2021-2025 envisages a recovery of volumes and profitability with related benefits on cash flows;
- the Report pursuant to Article 172 of the Bankruptcy Law assessed positively the main assumptions underlying the business plan of the Company's restructuring path and thus the prospect of continuity, an inseparable element of the Arrangement Plan submitted by the Company;
- the investment offer and the related Investment Agreement signed by the investors for the injection of new funding through the execution of a capital increase and the subscription of the convertible bond (for a total injection of €12,000,000, of which €4,000,000 is earmarked for the implementation of the business plan and the efficiency of business continuity) is still valid and effective, as well as validly guaranteed by the updated set of guarantees both at the meeting of creditors by the investors and in the following months;
- in the year 2020, and in particular while the debt-relief plan application was pending, the Company continued its business operations in terms of ordinary management with the overriding goal of preserving its ability to continue as a going concern. In particular, downstream of this period, Fidia represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;
- in the years 2021 and 2022, the Company recorded an improvement in general economic and financial trends, a turnaround from the period 2016-2019, partly due to the still partial implementation of the business plan underlying the restructuring path, which will be fully implemented only after the capital increase has taken place.

The benefits expected in the Arrangement Plan relating both to the ordinary operation of the business and to the equity and financial effects related to the execution of the Plan, in connection with the write-off of debts and the planned capital increases, are expected to restore financial stability and ensure the coverage of the financial obligations of the Company and the Group for a time horizon of at least 12 months from the date of approval of these financial statements.

Based on the net result of the period 2021, the parent Fidia S.p.A. recorded a negative equity of €8,505 thousand. In relation to the provisions in the Civil Code for this case, the Directors shall take appropriate action at the shareholders' meeting convened to approve the financial statements for the year ending 31 December 2021. The Directors also believe that, based on the benefits already shown today as a result of the approval of the composition agreement with the write-off of debts admitted to the bankruptcy proceedings, these losses will be immediately and fully reabsorbed with restoration of a balanced equity.

SIGNIFICANT ACCOUNTING STANDARDS

Standards for the presentation of the financial statements

The 2021 financial statements are the separate financial statements of the parent company Fidia S.p.A. and were drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and with the provisions implementing article 9 of Italian Legislative Decree No. 38/2005. IFRS also include all the reviewed international accounting standards (IAS) and interpretations of the IFRS Interpretations Committee, previously called International Financial Reporting Interpretations Committee (IFRIC), and before then Standing Interpretations Committee (SIC).

The Financial Statements were drawn up based on the historical cost principle, amended as requested for the evaluation of some financial instruments as well as on the assumption of going concern.

Financial Statements

The Company presents the statement of comprehensive income by nature of expense, which is deemed more representative compared to the so-called presentation by function. The form chosen complies with the internal reporting and business management methods.

Within said statement of comprehensive income by nature, under the Profit/(loss), a specific distinction has been made between profit/(loss) of ordinary operation and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses, the (write-down)/recovery in value of asset items and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail.

The definition of atypical adopted by the Company differs from the one set by Consob Notice of July 28, 2006, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts,

subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1.

The statement of cash flows was drawn up by applying the indirect method.

Finally, please be noted that with reference to Consob Resolution n° 15519 of July 27, 2006 on financial statements, supplementary schedules for the statement of comprehensive income, statement of financial position and statement of cash flows were added in order to underscore significant related parties transactions and not to impair the overall readability of the financial statements.

Property, plant and equipment

Cost

Plant and machinery were evaluated at purchase or production cost minus accrued amortization and any write-down, and these were not revalued. The cost comprises ancillary expenses and direct costs needed to make the asset available for use and indirect costs in the amount reasonably attributable to these.

Costs incurred following purchase were posted only if these increase the future economic benefits inherent to the asset concerned. All other costs were recognized in profit or loss when incurred.

Assets held through leasing contracts by which all the risks and benefits associated to the property thereof were transferred to the Company were posted as assets of the Company at fair value or, if lower, at the current value of the minimum payments due for leasing. The corresponding liabilities with the lessor were posted under the financial payables. Assets were amortized by applying the criterion and rates specified below.

Amortisation

Depreciation was calculated based on constant shares of the estimated economic life of the assets as follows:

| Description | Amortisation rates |
|-------------------------------------|----------------------|
| Building | 5.00% |
| Lightweight constructions | 5.00% |
| Generic and specific plants | 12.50% |
| Machinery | 6.67% /15.00%/48.11% |
| Industrial and commercial equipment | 20.00% /25.00% |
| Electronic office equipment | 20.00% |
| Office furnishing | 6.67% |
| Forklifts/internal vehicles | 20.00% |
| Motor vehicles | 25.00% |

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are included in the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs include interest and other costs that an entity incurs to obtain funding.

IFRS 16

Lease agreements grant a right to the exclusive use of an identified or identifiable asset, conferring the material right to obtain all economic benefits from its use for a specified period of time in exchange for consideration, fall within the scope of IFRS 16.

These contracts are recognised in the statement of financial position of a "right of use" as an asset and a liability represented by the present value of payments due for the lease. The "right of use" is amortised on a straight-line basis over the term of the lease, or its economic and technical useful life, whichever is shorter.

On the effective date of the lease, defined as the date on which the lessor makes the underlying asset available to the lessee, the carrying value of the "right of use" includes:

- the amount of the initial measurement of the lease liability;
- payments due for the lease made on or before the effective date;
- any initial direct costs;
- any estimated and discounted costs to be incurred at the time the facilities are left, recognised to

offset a specific provision in liabilities when there are obligations for decommissioning, asset removal and site restoration.

The amount of the initial measurement of the lease liability includes the following elements:

- fixed payments;
- variable payments that depend on an index or rate;
- the price to exercise the purchase option if there is reasonable certainty of exercising it;
- any lease termination penalty payments, if the lease term takes into account the exercise of the lease termination option.

The following categories of leased assets fall under this method of accounting recognition:

- property;
- cars.

The company avails itself of the option granted by IFRS 16 - Leases to recognise as an expense, on an accrual basis, payments related to leases (i) of short duration (i.e., less than 12 months), (ii) involving assets of modest value (i.e., less than 5,000 euros, when new).

The lease liability is recognised on the effective date of the contract and is equal to the present value of lease payments.

The present value of lease payments is counted using the lease's implicit interest rate or the lessee's marginal borrowing rate if the former is not readily available. The marginal financing rate is equivalent to the interest rate the lessee would have to pay for

a loan with similar term and collateral needed to obtain an asset of similar value to the asset subject to the "right of use" in a similar economic environment.

After the effective date, the lease liability is measured by applying the amortised cost criterion; thereafter this can be restated (i.e., the cash flows of the lease change as a result of the original contractual terms) or modified (i.e., changes in the subject matter or consideration not provided for in the original contractual terms) with adjustments to the "right of use."

Intangible fixed assets

Intangible assets purchased or produced internally were posted in the assets according to the provisions of IAS 38 – Intangible Assets, when it is probable that the future economic benefits attributable to the asset will flow to the company and when the cost of the asset can be measured reliably.

Said assets were measured at purchase cost and amortized in constant shares over their estimated life if these have a finite life and net of any losses in value.

The main categories of intangible assets held by the Company are the costs for internal product development, rights to use know-how, software and licenses.

Software and licenses are amortized over five years.

Development costs incurred in connection with a specific project are recognized as intangible assets when the Company can demonstrate: the technical feasibility of completing the intangible asset so that it is available for use or sale; the intention to complete the asset and its ability and intent to use or sell it; the manner in which the activity will generate future economic benefits; the availability of resources to complete the asset and the ability to measure reliably the cost attributable to the asset during development.

After initial recognition, development assets are measured at cost less amortization or the accrued loss in value. Amortization of the asset starts when development is completed, and the asset is available for use. Development assets are amortized in relation to the period of the expected benefits. During development, the asset is subject to annual verification of any loss of value (impairment test).

There are no intangible assets with indefinite useful life.

Write-down of losses

If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount understood as the higher between the fair value less the costs to sell and its value in use.

When it is not possible to estimate the recoverable amount of a single asset, the company estimates the recoverable amount of the unit generating the cash flows that owns the asset.

The value in use of an asset is calculated by determining the current value of estimated future cash flows before tax, by applying an interest rate before tax that reflects the current market values of the time value of money and of the risks inherent in the asset. A write-down is posted if the recoverable amount is lower than the carrying amount.

Should there no longer be a write-down of an asset other than goodwill or should the write-down be reduced, the carrying amount of the asset or the unit generating the cash flows is increased until the recoverable amount is estimated again and it cannot exceed the amount that would have been determined if there had been no write-down. A reversal of write-down is immediately recognized in profit or loss.

Financial instruments

Presentation

Financial instruments held by the Company were included in the balance-sheet items described below.

Investments comprises interests held in subsidiaries, associates and in other companies.

Other Receivables and Other Non-Current Assets do not comprise medium/long-term receivables and caution money.

Current financial assets include trade receivables, other receivables and current assets and other current financial assets (which include the positive fair value of derivatives), as well as cash and cash equivalents. In particular, Cash and Cash Equivalents comprises bank account and securities held for trading that can be readily cashed in and are subject to a non-significant risk of change.

Financial liabilities refer to financial payables as well as to other financial liabilities (including the negative fair value of derivatives), trade payables and other payables.

Valuation

Equity investments

Subsidiaries are entities over which the Company exercises control, or those for which the company has valid rights that give it the current ability to direct the relevant activities, i.e., activities that significantly affect the returns of the investee.

Associated companies are companies in which the Company exercises significant influence, as defined by IAS 28 - Investments in associates, but not control or joint control over the financial and operating policies.

Investments in other companies relate to non-current assets that are not held for trading.

The positive difference, arising at the time of purchase between the acquisition cost and the equity share at current values of the Company's subsidiary, is hence stated in the carrying amount of the investment.

Investments in subsidiaries and associates are stated at adjusted cost in case of impairment loss.

In accordance with the cost method, investments are subject to impairment tests whenever there is objective evidence of impairment as a result of the investment due to one or more events that occurred after the initial recognition and have had an impact on future cash flows of the subsidiary and on the dividends that it could distribute. In these cases, impairment loss is determined as the difference between the carrying amount of the investment and its recoverable value, normally determined based on the higher between the value in use and its fair value less costs to sell.

For each period, the Company assesses whether there is objective evidence that an impairment loss of an investment recognized in prior years may have decreased or no longer exist. In these cases, the investment's recoverable value is re-valuated and, if applicable, it is restored its value of cost.

If the Company's share of the impairment loss exceeds the carrying amount of the investment and the Company must stand in, the value of the investment is written off and any further losses are stated as provisions in the liabilities. If the impairment loss should no longer subsist subsequently or register a reduction, a recovery of value is recognized in profit or loss within the limits of the cost.

Investments in other minor entities, including non-current financial assets for which a market quotation is not available and the fair value cannot be reliably measured, are stated at cost, possibly written down for impairment losses.

Trade receivables, other receivables and current and non-current assets

Trade receivables, other receivables and current and non-current assets, except for assets arising from derivative financial instruments, are initially recognized at fair value, which usually coincides with the acquisition cost, net of transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method and are shown net of losses on uncollectible amounts, posted in appropriate bad debt provisions. The original value of the receivables will be re-instated in subsequent periods whenever the reasons for their adjustments are no longer applicable.

When financial assets have no fixed maturity, these are evaluated at cost. Receivables with a maturity over 1 year that do not yield interest or yield interest below market rates are actualized using market rates.

Receivables in foreign currency, which were originally recorded at the exchange rates prevailing on the transaction date, are adjusted to period-end exchange rates and the resulting gains and losses recognized in profit or loss.

Cash

It is stated at nominal value.

Financial liabilities, trade payables and other payables

Financial payables (current and non-current), trade payables, and other payables are entered at first recognition in the statement of financial position at fair value (usually the cost of the originating transaction), including the transaction costs.

Then, with the exception of derivatives, financial liabilities are measured at amortized cost using the effective interest method.

Any fixed-rate financial liabilities hedged by derivatives are measured according to the procedures set for hedge accounting applicable to fair value hedges: gains and losses arising from re-measurement at fair value, due to changes in interest rates, are recognized in income and offset by the effective portion of gain or loss arising from re-measurements at fair value of the hedging instrument.

Derivatives

Derivatives are used by the Company only for hedging purposes, in order to reduce interest rate risk (*Interest Rate Swap* and *Interest Rate Cap*) and possibly foreign exchange risk (forward sales contracts to hedge dollar risk on sales).

All derivatives are measured at fair value as set forth by the accounting standard IAS 9.

Consistent with the provisions of IFRS 9, derivatives can be accounted for in the manner established for *hedge accounting* only if the following eligibility criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the beginning of the hedging relationship there is a formal designation and documentation of the hedging relationship, the entity's objectives in managing risk, and the strategy in carrying out hedging. Documentation should include identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the entity will assess whether the hedging relationship meets hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);

- the hedging relationship meets all of the following hedging effectiveness requirements:
 - i. there is an economic relationship between the hedged item and the hedging instrument (see paragraphs B6.4.4-B6.4.6);
 - ii. the effect of credit risk does not override changes in value resulting from the economic relationship (see paragraphs B6.4.7-B6.4.8);
 - iii. the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the entity actually hedges and the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item. However, this designation should not reflect an imbalance between the weights of the hedged item and the hedging instrument that would result in the ineffectiveness of the hedge (regardless of whether it is recognised or not) that could result in an accounting result that would be contrary to the purpose of hedge accounting (see paragraphs B6.4.9-B6.4.11).

The following hedging relationships are eligible:

- fair value hedge: means a hedge of exposure against changes in the fair value of the recognized asset or liability or unrecognised irrevocable commitment, or a component thereof, that is attributable to a particular risk and could affect profit (loss) for the period;
- cash flow hedge: a hedge of exposure against the variability of cash flows attributable to a particular risk associated with all or a component of recognised assets or liabilities (such as all or only some future interest payments on floating-rate debt) or to a highly probable planned transaction that could affect profit (loss) for the year;
- hedging of a net investment in a foreign operation as defined in IAS 21.

Regarding cash flow hedges, used by the Fidia Group, as long as the eligibility criteria are met, the hedging of financial instruments should be accounted for as follows (see 6.5.11):

- i. the separate equity component associated with the hedged item (cash flow hedge reserve) is adjusted to the lesser of the following absolute amounts: i) cumulative gain or loss on the hedging instrument since inception of the hedge; ii) cumulative change in fair value (at current value) of the hedged item (i.e., the current value of the cumulative change in expected future cash flows hedged) since inception of the hedge;
- ii. the portion of the gain or loss on the hedging instrument that is found to be an effective hedge (i.e., the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a) above) must be recognized in other comprehensive income;
- iii. any remaining gains or losses on the hedging instrument (or the gains or losses required to offset the change in the cash flow hedge reserve calculated in accordance with (a) above) represent the ineffective portion of the hedge that must be recognised in profit (loss) for the period;
- iv. the accrued amount in the cash flow hedge reserve in accordance with (a) shall be accounted for as follows:
 - i) if a hedged planned transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged planned transaction for a non-financial asset or non-financial liability becomes an irrevocable commitment to which fair value hedge accounting applies, the company shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost, or other carrying amount, of the asset or liability. This is not a reclassification adjustment (see IAS 1) and therefore does not affect other comprehensive income;
 - ii) for cash flow hedges, except those considered in (i) above, the amount must be reclassified from the cash flow hedge reserve into profit (loss) for the period as a reclassification adjustment (see IAS 1) in the same period or periods in which the hedged expected future cash flows have an effect on net income (loss) for the period (for example, in the periods in which interest income or interest expense is recognised or when a scheduled sale occurs);
 - iii) however, if the amount constitutes a loss and the company does not expect to recover all or a portion of the loss in one or more future periods, the company must immediately reclassify into profit (loss) for the period, as an adjustment from reclassification (see IAS 1), the amount it does not expect to recover.

If a hedging instrument or hedging relationship is closed, but the hedged transaction has not yet been realised, the cumulative gains and losses, up to that point recorded in the cash flow hedge, are recognised in profit or loss in correlation with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer considered probable, the unrealised gains or losses suspended in the cash flow hedge reserve are recognised immediately in profit or loss.

If hedge accounting cannot be applied, profit or loss resulting from fair value measurement of the derivative is immediately recognized in profit or loss.

Fair value

The fair value, as provided for by IFRS 13, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of a financial instrument at initial measurement is normally the price of the transaction, i.e., the amount paid or received. However, if part of the amount given or received pertains to something other than the financial instrument, fair value of the instrument is estimated using a measurement method.

The existence of official quotations in an active market is best proof of fair value and, when these exist, they are used to measure the financial asset or liability.

If the market of a financial instrument is not active, fair value is determined using an evaluation method that relies more on market factors and as less as possible on specific internal factors.

Criteria for measuring fair value

The Company avails itself of evaluation methods established in market practice for the determination of the fair value of financial instruments for which there is no active market of reference.

If evaluation methods are adopted, recourse to market factors allows for a reasonable estimate of the market value of said financial instruments.

The market factors considered for the calculation of fair value and measured at the measurement date of 31 December 2021 were: time value of money, i.e., base interest rate without risk, credit risk, exchange rates of foreign currencies, size of the future changes in price of a financial instrument, i.e., the latter's volatility, the costs to service an asset or financial liability.

The evaluation of financial instruments using evaluation methods is entrusted by the Company to external consultants who have the necessary specialized know-how and are capable of providing the market values at the various dates of evaluation. Said market values are periodically compared with marks to market given by banking counterparts.

In order to provide information on the methods and main assumptions used to determine fair value, financial assets and liabilities were divided into two classes, both of which homogeneous by nature of information provided and for the characteristics of the financial instruments.

In particular, financial assets and liabilities were divided into:

- financial instruments evaluated at amortized cost;
- financial instruments measured at fair value.

Financial assets and liabilities evaluated at amortized cost

The class under examination comprises: trade receivables and payables, loans payable, mortgages and other liabilities and assets.

The fair value of the items under consideration is determined by calculating the current value of the expected contractual flows, capital and interests, based on the yield curve of treasury bonds on the measurement date. In particular, the fair value of medium to long-term financial liabilities is determined using the risk-free curve on the reporting date increased by an adequate credit spread.

Said spread was determined by taking the premium for credit risk applied on the last loan granted to the Company by banks as reference.

Financial assets and liabilities measured at fair value

The class under consideration comprises hedging instruments and those for trade.

The fair value of the exchange rate forward contracts is estimated by actualizing the difference between forward price set by the contract and the current forward price for the remaining contractual term, using the exchange rate curves of the currencies in question.

The fair value of the interest rate swaps and interest rate caps is calculated based on the market data available on the measurement date by discounting the contract flows of estimated future cash with the short and medium-to-long term exchange rate curves measured by market info providers.

Interest rates

The interest rates used to actualize the estimated financial flows are based on the short and medium-to-long term rate curves measured by market info providers at the reporting dates and are illustrated in the table below:

| EUR Curve | | |
|-----------|---------|---------|
| | 2021 | 2020 |
| 1W | - | - |
| 1M | -0.583% | -0.554% |
| 2M | - | - |
| 3M | -0.572% | -0.545% |
| 6M | -0.546% | -0.526% |
| 9 M | - | - |
| 12M | -0.501% | -0.499% |

| | | |
|----------|---------|---------|
| 2 year | -0.317% | -0.553% |
| 3 years | -0.165% | -0.540% |
| 4 year | -0.084% | -0.519% |
| 5 year | -0.018% | -0.493% |
| 7 year | 0.092% | -0.425% |
| 10 year | 0.273% | -0.293% |
| 15 year | 0.482% | -0.096% |
| 20 year | 0.552% | -0.007% |
| 30 years | 0.498% | -0.027% |

Inventory

Inventories of raw materials, semi-finished and finished goods are valued at the lower between the cost, determined using the method of weighted average cost, and net realisable amount. The evaluation of inventories includes the direct costs of materials and labour and the indirect costs (both variable and fixed).

Provisions are calculated for the write-down of materials, finished goods, spare parts and other supplies deemed obsolete or slow-moving, considering their future expected use and realisable amount. The realisable amount is the estimated sales price net of all estimated costs for the completion of the good and of the sales and distribution expenses to be incurred.

Provisions for risks and charges

The Company states provisions for risks and expenses when it has an obligation (legal or implicit) with third parties and it is probable that the Company will have to utilize resources to meet the obligation and when it is possible to make a reliable estimate of the amount resulting from fulfilling the obligation.

The estimate changes are recognized in profit or loss of the period in which the change occurred.

Post-employment termination benefits

Termination benefits fall within the scope of IAS 19, as these are like defined benefit plans. The amount reported in the financial statements is the result of an actuarial calculation according to the projected unit credit method by using a discount rate that reflects the market yield on corporate bonds with a maturity consistent with that expected from the obligation. The calculation considers the termination benefits already accrued for labour services already rendered and includes assumptions of future salary increases. Actuarial profit and loss are accounted for in a specific equity item.

Up to 31 December 2006, the termination benefits fund (TFR) was considered a defined benefit scheme. The rules of this fund were amended by Italian Law No. 296 of 27 December 2006 ("2007 Finance Law") and following Decrees and Regulations issued in early 2007. In light of said changes and in particular with reference to companies with at least 50 employees, said fund can now be considered a defined benefit plan solely for the amounts accrued before 1 January 2007 (and not yet paid on the reporting date), while the amounts accrued after that date can be considered as a defined contribution plan.

Treasury shares

Treasury shares are written down from the shareholders' equity. The original cost of the treasury shares and profit and loss resulting from subsequent sales are stated directly as changes in equity.

Dividends received

Dividends received from subsidiaries are recognized in profit or loss when the right to receive payment is ascertained.

Revenue recognition

The Company accounts for revenue, in accordance with *IFRS 15 - Revenue from Contracts with Customers*, when control of goods and services is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. The accounting standard is applied using a model consisting of the following five basic steps:

1. Identification of the contract with the customer
2. Identification of the contractual obligations (i.e., performance obligations) contained therein
3. Determination of the transaction consideration
4. Allocation of price to different contractual obligations
5. Recognition of revenue upon fulfilment of contractual obligations.

Specifically, revenues related to the sale of machinery are recognised when installation and testing are formally accepted by the buyer, which generally coincides with the Company obtaining the right to payment and the transfer of material possession of the asset, which incorporates the transfer of the significant risks and rewards of ownership.

The Company identifies the extension of guarantee over normal market conditions as a performance obligation to be accounted for separately.

Revenues for services are accounted for on a progress basis in the period in which they are rendered.

Research grants

Government and Community grants received for research projects are stated in the income when it is reasonably certain that the company will meet all the conditions for receiving the grants and that said grants will be received; as a rule, this coincides with the period in which the resolution to allocate the grant is made.

Cost recognition

The costs for the purchase of goods is recognized by accrual.

Costs for rendering of services are posted at the time of completion of the service.

Advertising and research costs, in compliance with IAS 38, are recognized in profit or loss in the year in which these are incurred.

Finance income and expenses

Finance revenue and expenses are recognized in profit or loss in the period in which these are incurred.

Taxes

The charge for income tax is determined based on the provisions of Italian Presidential Decree 917 of 22 December 1986 and following amendments (Consolidated Act on Income Tax). Income taxes are recognized in profit or loss, except for those items debited or credited in Other Comprehensive Profit/(Loss). In these cases the tax effect is recognized directly in the Other Comprehensive Profit/(Loss).

Other taxes not related to income are included among the other overheads.

Deferred tax liabilities and pre-paid taxes are determined based on all the temporary differences between the values of the asset and liabilities of the financial statements and the corresponding amounts for tax purposes. The pre-paid taxes on tax losses and on temporary differences are stated to the extent in which it is probable that there is a future taxable income on which these can be recovered.

Use of estimates

The preparation of financial statements and related disclosures that conform to IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors deemed relevant. The results that will be stated in the closing balance could hence differ from said estimates. The estimates and assumptions are periodically revised and effects of each change are recognized in profit or loss in the period in which the estimate is revised if the revision has effects on said period or in following periods if the revisions has effects both on the current period and on future periods.

In this context, persistently weak economic growth makes the future outlook uncertain. Therefore, it cannot be ruled out that in the next period there will be results other than those estimated and that adjustments may be needed in the carrying amount of the relevant items. Of course, to date, these can be neither estimated nor foreseen. The balance sheet items mainly affected by said situations of uncertainty are bad debt provisions and provisions for slow-moving/obsolete inventories, non-current assets (tangible and intangible assets), termination benefits, product warranty, pre-paid taxes and potential liabilities.

A summary follows of the critical evaluation processes and key assumptions used in managing the application of the accounting standards to future quantities and which can have significant effects on the amounts stated in the consolidated statement of financial position or for which there is the risk that significant value adjustments need to be made to the carrying amount of the assets and liabilities in the period following the one of reference of the statement of financial position.

Recoverable value of non-current assets

The management periodically revises the carrying amount of the non-current assets held and used and of the assets that must be divested when facts or circumstances call for said revision.

When the carrying amount of a non-current asset registers a loss in value, the Company states a write-down for the excess amount between the carrying amount of the asset and the recoverable value through its use or sale.

The losses incurred in the last three periods, the crisis in some sectors where the Company operates - aggravated by the spread of the Covid-19 pandemic that has produced tensions and slowdowns in characteristic markets - and the Company's

level of indebtedness resulting in the request for admission to the arrangement procedure pursuant to Article 161, paragraph 6, of the Bankruptcy Law (Royal Decree 267/1942) were considered indicators of impairment. Therefore, an impairment test was conducted on the value of non-current assets of the Fidia S.p.A.

At 31 December 2021, the recoverable amount of Fidia S.p.A. was tested for impairment in order to verify the existence of any impairment losses, by comparing the carrying amount of the company (the net invested capital of the company) and the value in use, i.e., the present value of expected future cash flows that are expected to arise from its continued use and disposal at the end of its useful life.

The value in use was determined by discounting back the cash flows in the Company's business plan, approved by the Board of Directors of Fidia S.p.A. and covering the period 2022-2025. The assumptions used in forecasting cash flows for the explicit forecast period were based on prudent assumptions and using future realistic and achievable expectations.

In particular, the Company business plan used to verify the recoverability of the non-current assets is consistent with the Arrangement Plan of Fidia S.p.A. filed on 29 September 2021 with the Court of Ivrea within the framework of the arrangement as a going concern; this plan has been appropriately adjusted to consider the final 2021 data available as at the date, also neutralising the effects deriving from the possible approval of the arrangement (by way of example, the contingent asset following the write-off of debts admitted to the procedure has not been considered), in line with the provisions of accounting standard IAS 36 in paragraph 33(b).

In order to determine the value in use of Fidia S.p.A., the discounted cash flows of the five years of explicit forecast plus a terminal value were taken into account; the latter value was determined by using the criterion of discounting the perpetuity. The discount rate applied to the prospective cash flows was 7.91%, calculated taking into consideration the industry in which the Company operates, the countries in which the Company expects to achieve its planned results, the debt structure when fully operational, and the current economic situation. For cash flows after the explicit projection period, a prudential growth rate of 0% was assumed.

The determination of the value in use according to the process illustrated led to a recoverable amount higher than the carrying amount of Fidia S.p.A., allowing no reduction in the value of assets at 31 December 2020.

Compared to the basic assumptions just described, a sensitivity analysis on the results was also carried out compared to the WACC and the forecast results. In particular, even with increases in the cost of capital, the values in use do not show impairment losses. In fact, the WACC that would make the recoverable amount of Fidia S.p.A. equal to its carrying amount would be equal to the discount rates used in the base case, each increased by 2500 bps.

At the end of the test at 31 December 2021, the Company's value in use was greater than its carrying amount of €3.1 million.

Bad debts provision

Bad debts provision reflects the management's estimate on the possible loss in the portfolio of receivables from customers. The estimate of the credit impairment provisions is based on the loss expected by the Company, determined in light of its past experience in similar receivables, of current and historical delinquent accounts, of losses and revenues, of the careful monitoring of credit quality and forecasts on economic and market conditions. If any economic situations like those experienced in recent years should continue, there can be a further worsening in the financial conditions of the Company's debtors compared to the scenario already considered in quantifying the provisions stated in the statement of financial position.

Provisions for slow-moving inventory

Provisions for slow-moving/obsolete inventories reflect the management's estimation of loss of value expected by the Group, determined based on past experience and on a critical analysis of the stock movements.

Product warranty

When a product is sold, the Company allocates provisions for the estimated product warranty costs. If the warranty exceeds 12 months, the portion of the Revenue is deferred to the accrual period, and the related cost is consequently not accrued. The management determines the value of said provisions based on historical information on the nature, frequency and mean cost of warranty works. The Company is committed to constantly improve the quality of its products in order to maximize customer satisfaction and reduce the impact of expenses due to warranty work to a minimum.

Termination benefits

For the evaluation of termination benefits, the management uses various statistical assumptions and evaluation factors in order to anticipate future events for the calculation of expenses and liabilities for said provisions. The assumptions regard the discount rate and future inflation rate. Moreover, the Company's actuaries use subjective factors such as mortality and resignation rates, as well as rates concerning requests for advances.

Contingent liabilities

The Company is potentially subject to legal and tax disputes regarding a vast range of issues. Considering the uncertainties relating to said issues, it is difficult to accurately foresee the outlay resulting from said potential disputes. In the normal course of business, the management consults its legal and tax experts. The Company states a liability for said disputes

when it deems that it is probable that there will be a financial outlay and when the resulting amount of loss can be reasonably estimated. If the financial outlay becomes possible, but it is not possible yet to determine the amount, said fact is reported in the Notes to the Financial Statements

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AT 1 JANUARY 2021

Accounting standards, amendments and interpretations adopted from 1 January 2021

Consistent with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), the IFRS standards in effect at 01/01/2021 are outlined and briefly explained below.

- On 13/01/2021, the European Commission issued Regulation No. 2021/25 endorsing the document "Interest rate Benchmark Reform - Phase 2," applicable as of 01/01/2021, containing amendments to, inter alia, the following standards: "IFRS 9 - Financial Instruments," "IFRS 7 - Financial Instruments: Disclosures", "IFRS 16 - Leases". The amendments provide for a specific accounting treatment that spreads changes in the value of financial instruments or leases due to the replacement of the reference index used to determine interest rates over time, thus avoiding immediate repercussions on operating income and disruptions in hedging relationships as a result of the replacement of the reference index used to determine interest rates.
- On 31/03/2021, the IASB issued the document "Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021"; this document was published on 30 August 2021 in the Official Journal of the European Union. The amendment increases by twelve months, from 30/06/2021 to 30/06/2022, the period of application of the practical expedient, introduced on 28/05/2020, for accounting for rent concessions related to COVID-19. The amendment is effective from 01/04/2021.

The adoption of these amendments/interpretations did not affect the financial statements at 31/12/2021.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT APPLICABLE YET AND NOT ADOPTED EARLY BY THE COMPANY

At the reporting date of this Annual Financial Report, the following standards have been endorsed by the European Union but not yet mandatorily applicable.

On 14/05/2020, the IASB published the following amendments, effective for reporting periods beginning on, or after 01/01/2022:

- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract," aimed at clarifying how to determine whether a contract is onerous. The amendment clarifies that in estimating whether a contract is onerous, it is necessary to consider all costs directly attributable to the contract, including incremental costs and all other costs that the company cannot avoid as a result of entering into the contract.
- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use," aimed at defining that the revenues from the sale of goods produced by an asset, before it is ready for its intended use, are charged to profit or loss together with the related production costs.
- Amendments to IFRS 3 "Reference to the Conceptual Framework. The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without resulting in changes to the provisions of the standard.
- Issuance of the document "Annual Improvements to IFRS Standards 2018-2020 Cycle," containing amendments, mainly concerning technical and drafting issues, to the following international accounting standards, "IFRS 1 - First-time Adoption of International Financial Reporting Standards," "IFRS 9 - Financial Instruments," "IAS 41 - Agriculture," and illustrative examples of "IFRS 16 - Leases."

These amendments have been approved to date following their publication on 02/07/2021 in the Official Journal of the European Union.

The company will adopt such new standards, amendments and interpretations, based on the expected date of application.

Any impact of the new standards/interpretations on the Company's financial statements is still being assessed.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB AND NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date of this Annual Financial Report, the following standards have been issued by the IASB and not yet endorsed by the European Union.

On 23/01/2020, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current" to clarify the requirements for classifying liabilities as "current" or "non-current." More specifically, the amendments (i) specify that the conditions existing at the end of the reporting period are to be used to determine whether there is a right to defer settlement of a liability; (ii) specify that management's expectations of events after the reporting date are not relevant; and (iii) clarify the situations to be considered as settlement of a liability. The amendments take effect on 01/01/2023.

On 18/05/2017, the IASB issued the standard "IFRS 17 - Insurance Contracts" intended to replace the current "IFRS 4 - Insurance Contracts." The new standard, applicable from reporting periods beginning on or after 01/01/2023, governs the accounting treatment of insurance contracts issued and reinsurance contracts held.

On 12/02/2021, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies." The purpose of the amendments is to develop guidelines and examples to help companies apply a materiality judgment in disclosing accounting standards. The amendments to IFRS Practice Statement 2, on the other hand, provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for reporting periods beginning on or after 01/01/2023.

On 12/02/2021, the IASB issued "Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates." The amendments provide some clarification regarding the distinction between changes in accounting estimates and changes in accounting policies: the former are applied prospectively to future transactions and other future events; the latter are generally also applied retrospectively to past transactions and other past events. Amendments are effective from reporting periods beginning on or after 01/01/2023.

On 07/05/2021, the IASB issued the document "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction." The paper addresses from a practical point of view on the application of the exemption provided by paragraphs No. 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability upon initial recognition and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition under IAS 12 would not apply to transactions that, upon execution, give rise to equal and offsettable amounts in terms of taxable and deductible temporary differences. Amendments are effective from reporting periods beginning on or after 01/01/2023.

The company will adopt such new standards, amendments and interpretations, based on the expected date of application.

Any impact of the new standards/interpretations on the Company's financial statements is still being assessed.

Risk management

The risks to which Fidia S.p.A. is subject directly or indirectly through its subsidiaries are the same as those of the companies which it is the parent company of. In addition to Note No. 29, please refer to the note on risk management found in the Notes to the Consolidated Financial Statements of the Fidia Group.

Content and main changes

Income Statement

1. NET SALES

Revenues from sales of goods and services increased by about 24.3% and amounted to €14,471 thousand compared with €11,639 thousand in 2020.

Hereinafter follows the details by geographical region and line of business for sales.

| Turnover by geographical area | FY2021 | % | FY2020 | % |
|-------------------------------|---------------|-------------|---------------|-------------|
| €thousand | | | | |
| Italy | 1,884 | 13.0% | 3,497 | 30.0% |
| Europe | 5,980 | 41.3% | 1,584 | 13.6% |
| Asia | 3,608 | 24.9% | 2,262 | 19.4% |
| North and South America | 2,992 | 20.7% | 4,296 | 36.9% |
| Rest of the World | 7 | 0.0% | 0 | 0 |
| Total revenue | 14,471 | 100% | 11,639 | 100% |

Turnover by line of business are illustrated more in detail in the following table:

| Turnover by business line | FY2021 | % | FY2020 | % |
|---|---------------|-------------|---------------|-------------|
| €thousand | | | | |
| Numerical controls, drives and software | 699 | 4.8% | 743 | 6.4% |
| High-speed milling systems | 9,188 | 63.5% | 7,027 | 60.4% |
| After-sales service | 4,584 | 31.7% | 3,869 | 33.2% |
| Total revenue | 14,471 | 100% | 11,639 | 100% |

2. OTHER REVENUES AND INCOME

This item comprises:

| €thousand | FY2021 | FY2020 |
|---|--------------|--------------|
| Contributions for operating expenses | 451 | 335 |
| Release of warranty and other provisions | 84 | 566 |
| Contingent assets | 24 | 49 |
| Recovery of costs incurred | 529 | 787 |
| Insurance refunds | 226 | 7 |
| Other miscellaneous revenues and earnings | 23 | 218 |
| Total | 1,337 | 1,962 |

The item recovery of costs incurred mainly includes the charge-back relating to the Commercial and Technical Agreement signed with the Branches in 2019 (impact on the 2021 income statement of €452 thousand).

This item includes €451 thousand (€335 thousand at 31 December 2020) relating to grants for research projects recognized by year of accrual in profit or loss of the parent company Fidia S.p.A. at 31 December 2021 and allocated by the European Union and the Italian Ministry of University and Research. Applied and basic research and development activities are a structural component and are carried out on an ongoing basis by Fidia S.p.A.

3. RAW MATERIALS

These are:

| €thousand | FY2021 | FY2020 |
|---|--------------|--------------|
| Production materials | 3,673 | 2,790 |
| Service materials | 593 | 430 |
| Consumables | 12 | 15 |
| Equipment and software | 3 | 4 |
| Packaging | 161 | 87 |
| Others | 46 | 57 |
| Change in inventory raw materials and consumables | 658 | 1,274 |
| Total | 5,146 | 4,657 |

The increase in costs for raw materials and other materials substantially reflects the increase in revenues for the period and the increase in the cost of raw materials.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €5,329 thousand, down 6.53% versus €5,773 thousand the year before. These consist of:

| €thousand | FY2021 | FY2020 |
|-------------------------|--------------|--------------|
| Wages and salaries | 3,759 | 3,982 |
| Social security charges | 1,219 | 1,393 |
| TFR | 351 | 398 |
| Total | 5,329 | 5,773 |

As a result of the higher revenue achieved, the overall ratio of labour costs to the value of production decreased from 44.7% in 2020 to 36.7% in the present period as a percentage of the value of production.

As noted above, the COVID Emergency Ordinary Redundancy Benefits were extended for the first two quarters of the year 2021. As of July 2021, the Extraordinary Redundancy Benefits, as an exception pursuant to Decree Law 73/2021, the so-called Decreto Sostegni bis, was activated for the San Mauro and Forlì sites, following an agreement with trade union representatives. The use of these redundancy arrangements is in line with the cost containment actions taken by Management to cope with the current situation of reduced demand, including as a result of the pandemic.

In the table below the change recorded in 2021 in the number of employees, broken down by category, is illustrated below:

| | 31 December 2020 | Inbound | Outbound | Change | 31 December 2021 | Period average |
|------------------------------------|------------------|----------|-------------|----------|------------------|----------------|
| Executives | 7 | 1 | (3) | - | 5 | 6 |
| Office workers and middle managers | 108 | - | (28) | - | 80 | 94 |
| Workers | 40 | - | (3) | - | 37 | 38.5 |
| Total | 155 | 1 | (34) | - | 122 | 138.5 |

5. OTHER OPERATING COSTS

Other operating costs are as follows:

| €thousand | FY2021 | FY2020 |
|---|--------------|--------------|
| Outsourced work | 503 | 531 |
| Travel expenses | 152 | 270 |
| Transportation and customs | 276 | 309 |
| Rent paid for offices and plants (contracts not falling under IFRS16) | 7 | 6 |
| Technical, legal and administrative consulting | 1,477 | 782 |
| Utilities | 284 | 237 |
| Commissions | 331 | 152 |
| Car and equipment rental | 46 | 61 |
| Auditors' emoluments | 71 | 97 |
| Insurance | 203 | 266 |
| Advertising, trade fairs and other commercial costs | 4 | 8 |
| Non-income taxes | 116 | 128 |
| Maintenance and housekeeping | 43 | 50 |
| Charges for personnel services | 119 | 133 |
| Motor vehicle management expenses | 5 | 18 |
| First-supply services | 306 | 363 |
| Bank services | 38 | 51 |
| Costs related to stock market listing | 93 | 143 |
| Costs for repairs and interventions | 695 | 249 |
| Research project costs | 9 | 15 |
| Entertainment expenses | 4 | 5 |
| Patent costs | 75 | 100 |
| Contributions and payments | 30 | 26 |
| Contingent liabilities | 92 | 45 |
| Warranty provisions | 26 | - |
| Other provisions | 80 | |
| Others | 97 | 189 |
| Total | 5,182 | 4,234 |

Other operating costs amounted to €5,182 thousand, up by €948 thousand compared to €4,234 thousand in the previous period.

The increase from last year is mainly due to an increase in technical, legal and administrative consulting costs of €695 thousand and repair and intervention costs of €446 thousand, net of a reduction in travel expenses and a decrease in miscellaneous costs unrelated to production activities.

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

| €thousand | FY2021 | FY2020 |
|---|--------------|--------------|
| Amortisation of intangible fixed assets | 440 | 291 |
| Depreciation of tangible fixed assets | 867 | 992 |
| Write-down of intangible fixed assets | 11 | 648 |
| Write-down of trade receivables | 4 | 793 |
| Total | 1,322 | 2,725 |

Amortization of tangible and intangible assets was carried out according to the rates already described above.

The write-down of intangible assets, amounting to €11 thousand, represents the write-down of development costs capitalised in previous years and valued at their recoverable value.

7. RECOVERY/(WRITE-DOWN) OF INVESTMENTS

| €thousand | FY2021 | FY2020 |
|---------------------------|----------|----------------|
| Write-down of investments | - | (4,884) |
| Total | - | (4,884) |

The outcome of the *impairment test* carried out on the investment held in the subsidiaries showed no further impairment to be recorded. Please refer to Note 13 for further discussion.

8. NON-RECURRING REVENUE

There is no non-recurring income in 2021, as in 2020.

9. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

| €thousand | FY2021 | FY2020 |
|--|--------------|--------------|
| Finance revenue | 13 | 137 |
| Finance expenses | (315) | (521) |
| Net profit (loss) on derivatives | - | 1 |
| Profit (loss) from foreign currency transactions | (96) | 164 |
| Total | (398) | (219) |

Finance revenue consists of:

| €thousand | FY2021 | FY2020 |
|-----------------------------|-----------|------------|
| Dividends from subsidiaries | - | 118 |
| Other finance income | 13 | 19 |
| Total | 13 | 137 |

Dividends from subsidiaries consisted of:

| €thousand | FY2021 | FY2020 |
|--|----------|------------|
| Beijing Fidia Machinery & Electronics Co. Ltd. | - | 118 |
| Total | - | 118 |

Finance expenses consist of:

| €thousand | FY2021 | FY2020 |
|--|------------|--------------|
| Interest expense on loans from banks and leasing companies | (271) | (355) |
| Interest expense on M/L-term loans from banks | - | (31) |
| Finance expenses on termination benefits | (2) | (7) |
| Other borrowing costs | (42) | (128) |
| Total | 315 | (521) |

Net profit and loss on derivatives:

| €thousand | FY2021 | FY2020 |
|--|----------|----------|
| Finance income on derivative instruments for Fair Value adjustment | - | 1 |
| Fair value adjustment on IRS and IRC contracts | - | - |
| Total | - | 1 |

Expenses and income on derivatives include the fair value measurement of an interest rate swap contract entered into by the Company to hedge the risk of interest rate fluctuations on a real estate leasing contract.

Profit (loss) on foreign currency transactions consists of:

| €thousand | FY2021 | FY2020 |
|----------------------------|-------------|------------|
| Realised exchange gains | 11 | 17 |
| Unrealised exchange gains | 152 | 228 |
| Realised exchange losses | (13) | (45) |
| Unrealised exchange losses | (246) | (36) |
| Total | (96) | 164 |

10. INCOME TAX

Taxes recognized in profit or loss are:

| €thousand | FY2021 | FY2020 |
|------------------------------|-----------|------------|
| Income tax: | | |
| Deferred tax assets absorbed | 12 | 17 |
| Taxes prior fiscal years | - | (23) |
| Total | 12 | (7) |

In 2021, Fidia S.p.A. recorded a tax loss for IRES and IRAP purposes.

At 31 December 2021, the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

| €thousand | 31 December 2021 | 31 December 2020 |
|--------------------------|------------------|------------------|
| Deferred tax assets | 409 | 434 |
| Deferred tax liabilities | - | - |
| Total | 409 | 434 |

In all, pre-paid tax assets and deferred tax liabilities are as follows:

| €thousand | At 31 December 2020 | Recorded in P/L | Stated in equity | At 31 December 2021 |
|--|---------------------|-----------------|------------------|---------------------|
| Pre-paid taxes for: | | | | |
| Application of IAS 19 - Termination Benefits | 115 | (12) | 19 | 122 |
| Tax loss | 250 | - | - | 250 |
| Cash Flow Hedge reserve | 69 | - | (32) | 37 |
| Total deferred tax assets | 434 | (12) | (13) | 409 |

Following the issue of decree-law no. 98 of 6 July 2011, enacted with amendments by Law no. 111 of 15 July 2011, tax losses are carried forward indefinitely.

Assets for pre-paid taxes were recorded by critically evaluating the subsistence of the prerequisites for future recoverability of said assets based on updated plans.

The comprehensive value of tax loss at 31 December 2021 and the relevant amounts for which no assets for pre-paid taxes, divided by year due, were stated, amounted to:

| (€thousand) | At 31 December 2021 | Year due | | | | | Unlimited or unforeseeable |
|-------------|---------------------|----------|------|------|------|------------|----------------------------|
| | | 2021 | 2022 | 2023 | 2024 | After 2025 | |
| Tax loss | - | - | - | - | - | - | 10,996 |

Statement of financial position

11. PROPERTY, PLANT AND EQUIPMENT

In 2021 and 2020 the changes in Plant, Property and Equipment are detailed in the following schedule:

| € thousand | Opening balance at 1 January 2021 | | | Changes in period | | | | | Net carrying amount at 31 December 2021 |
|--|-----------------------------------|----------------------|------------------------------|-------------------|--------------|--------------|-----------------------------|----------------------------|---|
| | Purchase cost | Depreciation reserve | Net carrying amount 1.1.2021 | Additions | Decreases | Total | Decrease in Deprec. reserve | Depreciation of the period | |
| Land and buildings | 9,888 | (1,638) | 8,250 | - | - | - | - | (557) | 7,693 |
| Lightweight constructions | 9 | (8) | 1 | - | - | - | - | - | 1 |
| Total property | 9,897 | (1,646) | 8,251 | - | - | - | - | (557) | 7,694 |
| Plant and equipment | 1,674 | (1,533) | 141 | - | (129) | (129) | 129 | (39) | 102 |
| Industrial equipment | 2,327 | (2,173) | 154 | 1 | (1) | - | 1 | (84) | 71 |
| Electrical tools | 791 | (776) | 15 | - | (3) | (3) | 3 | (5) | 10 |
| Furnishing | 822 | (678) | 144 | - | - | - | - | (20) | 124 |
| Electrical equipment | 1,229 | (1,202) | 27 | - | (89) | (89) | 89 | (13) | 14 |
| Means of transportation | 878 | (594) | 284 | - | (261) | (261) | 261 | (148) | 136 |
| Other tangible assets | 32 | (29) | 3 | - | - | - | - | (1) | 2 |
| Total property, plant and equipment | 17,650 | (8,631) | 9,019 | 1 | (483) | (482) | 483 | (867) | 8,153 |

Of which rights of use:

| | Property | Total plant, machinery and equipment | Other assets | Total |
|--|--------------|--------------------------------------|--------------|--------------|
| Net carrying amount at 31/12/2020 | 8,622 | - | 205 | 8,827 |
| Increases | - | - | - | - |
| Net decreases | - | - | - | - |
| Amortisation | (557) | - | (130) | (687) |
| Net carrying amount at 31/12/2021 | 8,065 | - | 74 | 8,139 |

| €thousand | Opening balance at 1 January 2020 | | | Changes in period | | | | | Net carrying amount at 31/12/2020 |
|--|-----------------------------------|-----------------|-----------------------------------|-------------------|--------------|--------------|-------------------------------|--------------|-----------------------------------|
| | Purchase cost | Deprec. reserve | Net carrying amount at 01/01/2020 | Additions | Decreases | Total | Decrease accrued depreciation | Depreciation | |
| Land and buildings | 10,054 | (1,112) | 8,942 | - | (166) | (166) | 51 | (577) | 8,250 |
| Lightweight constructions | 10 | (8) | 2 | - | (1) | (1) | 1 | | 1 |
| Total property | 10,064 | (1,120) | 8,944 | - | (167) | (167) | 52 | (577) | 8,251 |
| Plant and equipment | 1,725 | (1,541) | 184 | - | (51) | (51) | 51 | (43) | 141 |
| Industrial equipment | 2,318 | (2,045) | 273 | 9 | - | 9 | 0 | (128) | 154 |
| Electrical tools | 784 | (769) | 15 | 7 | - | 7 | 0 | (7) | 15 |
| Furnishing | 864 | (701) | 163 | 1 | (43) | (42) | 43 | (20) | 144 |
| Electronic equipment | 1,230 | (1,181) | 49 | 1 | (2) | (1) | 2 | (23) | 27 |
| Means of transportation | 847 | (430) | 417 | 60 | (29) | 31 | 28 | (192) | 284 |
| Other tangible assets | 32 | (27) | 5 | - | - | - | | (2) | 3 |
| Total property, plant and equipment | 17,864 | (6,458) | 10,050 | 78 | (292) | (214) | 176 | (992) | 9,019 |

The company made no investments in 2021.

There are no buildings burdened by collateral, but by virtue of the lease contract entered into for the purchase of the industrial building, this asset is in the name of the leasing company.

Depreciation of tangible assets, equivalent to €867 thousand, is recognised in profit or loss under "Depreciation, amortization and write-down" (Note No. 6).

With reference to the recoverability of this item in the financial statements and the considerations regarding the impairment test carried out at 31 December 2021, please refer to the previous section "Recoverable amount of non-current assets."

12. INTANGIBLE FIXED ASSETS

The intangible assets do not comprise intangible assets with indefinite useful life. The following tables show the breakdown by category and the changes over the past two periods:

| €thousand | Opening balance at 1 January 2021 | | | Changes in period | | | | | | Net carrying amount at 31 December 2021 |
|--------------------------------------|-----------------------------------|----------------------|------------------------------|-------------------|-----------------------|-------------------|-----------|-----------------------------|----------------------|---|
| | Purchase price | Depreciation reserve | Net carrying amount 1.1.2021 | Additions | Decreases/Write-downs | Reclassifications | Total | Decrease in Deprec. reserve | Amortisation of year | |
| Licenses | 135 | (133) | 2 | - | - | - | - | - | (1) | 1 |
| Software | 338 | (324) | 14 | - | - | - | - | - | (7) | 7 |
| Development Costs | 2,093 | (794) | 1,299 | - | - | 95 | 95 | - | (432) | 962 |
| Assets under development | 647 | - | 647 | 47 | (11) | (95) | (59) | - | - | 588 |
| Total intangible fixed assets | 3,213 | (1,251) | 1,962 | 47 | (11) | - | 36 | - | (440) | 1,558 |

Development costs incurred and capitalised during the period amounted to €47 thousand; they related to projects not yet amortised (as they had not yet been completed) and projects completed and reclassified at the end of the period, which have therefore not yet begun to produce the related benefits.

All costs of research (both basic and applied) are instead charged to profit or loss in the year they are incurred.

Intangible fixed assets in progress consist mainly of development projects that at the closing date have not yet been fully completed and whose economic benefits are expected to flow to subsequent years.

Amortization of tangible assets is recognized in profit or loss under "Depreciation and amortization" (Note No. 6).

During 2021, €11 thousand were written down referring to suspended projects, although not abandoned, pending further evaluations in the context of the new technical and commercial strategy that the new investors will undertake following the approval of the arrangement plan.

In view of the results of the impairment test carried out at 31 December 2021 on the net invested capital of Fidia SpA (refer to the section "Recoverable value of non-current assets"), there are no further impairments.

13. EQUITY INVESTMENTS

At 31 December 2021 these amounted to €6,646 thousand. The following changes were registered:

| €thousand | Balance at 31 December 2020 | Increases | Decreases | Write-downs | Write- backs | Balance at 31 December 2021 |
|---|--------------------------------|-----------|-----------|-------------|-----------------|--------------------------------|
| Investments in subsidiaries | 6,633 | - | - | - | - | 6,633 |
| Investments in associates | 2 | - | - | - | - | 2 |
| Equity investments in other entities | 11 | - | - | - | - | 11 |
| Total interests | 6,646 | - | - | - | - | 6,646 |

| €thousand | Balance at 31 December 2019 | Increases | Decreases | Write-downs | Write- backs | Balance at 31 December 2020 |
|---|--------------------------------|-----------|-----------|----------------|-----------------|--------------------------------|
| Investments in subsidiaries | 11,301 | - | - | (4,668) | - | 6,633 |
| Investments in associates | 2 | - | - | - | - | 2 |
| Equity investments in other entities | 11 | - | - | - | - | 11 |
| Total interests | 11,314 | - | - | (4,668) | - | 6,646 |

Detailed information of the investments in subsidiaries, associates and others and their changes is provided in the table below:

| €thousand | Balance at 31 December 2020 | Increases | Decreases | (Write-downs)/ Write-backs | Balance at 31 December 2021 |
|--|--------------------------------|-----------|-----------|-------------------------------|--------------------------------|
| Subsidiaries | | | | | |
| Fidia GmbH | 1,137 | - | - | - | 1,137 |
| Historical cost | 1,208 | - | - | - | 1,208 |
| Provision for write-down | (71) | - | - | - | (71) |
| Fidia Co. | 3,466 | - | - | - | 3,466 |
| Historical cost | 7,078 | - | - | - | 7,078 |
| Provision for write-down | (3,612) | - | - | - | (3,612) |
| Fidia Iberica S.A. | 171 | - | - | - | 171 |
| Historical cost | 171 | - | - | - | 171 |
| Provision for write-down | - | - | - | - | - |
| Fidia Sarl | 221 | - | - | - | 221 |
| Historical cost | 221 | - | - | - | 221 |
| Provision for write-down | - | - | - | - | - |
| Beijing Fidias M&E Co. Ltd. | 1,638 | - | - | - | 1,638 |
| Historical cost | 1,703 | - | - | - | 1,703 |
| Provision for write-down | (65) | - | - | - | (65) |
| Fidia Do Brasil Ltda | - | - | - | - | - |
| Historical cost | 350 | - | - | - | 350 |
| Provision for write-down | (350) | - | - | - | (350) |
| Shenyang Fidias NC & Machine Co. Ltd. | - | - | - | - | - |
| Historical cost | 2,443 | - | - | - | 2,443 |
| Provision for write-down | (2,443) | - | - | - | (2,443) |
| OOO Fidias | - | - | - | - | - |
| Historical cost | 100 | - | - | - | 100 |
| Provision for write-down | (100) | - | - | - | (100) |
| Fidia India Private Ltd. | - | - | - | - | - |
| Historical cost | - | - | - | - | - |
| Provision for write-down | - | - | - | - | - |
| Total investments in subsidiaries | 6,633 | - | - | - | 6,633 |
| Historical cost | 13,274 | - | - | - | 13,274 |
| Provision for write-down | (6,641) | - | - | - | (6,641) |
| Associates | | | | | |
| Prometec Consortium | 2 | - | - | - | 2 |
| Total investments in associates | 2 | - | - | - | 2 |
| Others | | | | | |
| Probest Service S.p.A. | 11 | - | - | - | 11 |
| Consorzio C.S.E.A. | - | - | - | - | - |
| Historical cost | 6.5 | - | - | - | 6.5 |
| Provision for write-down | (6.5) | - | - | - | (6.5) |
| Total investments in others | 11 | - | - | - | 11 |
| Total interests | 6,646 | - | - | - | 6,646 |

The list of investments with further information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006) is hereto attached.

There are no investments in other companies involving unlimited liability for the obligations thereof (article 2361, par. 2, of the Italian Civil Code).

At 31 December 2020 and 2021 there were no investments provided as collateral for financial liabilities and potential liabilities.

Impairment test

Taking into account the reference context, characterised by actual losses in the last three periods, the crisis in some sectors where the Company operates—exacerbated by the spread of the Covid-19 pandemic—indicators of impairment were identified for the subsidiaries of Fidia S.p.A., thus carrying out an impairment test on the carrying amount of said controlling interests.

The recoverable amount was determined by the value in use, i.e., by discounting the cash flows contained in the financial plan of the subsidiaries concerning the 2021-2025 time-frame. The assumptions used in forecasting cash flows for the explicit forecast period were based on prudent assumptions and using future realistic and achievable expectations.

In order to determine the value in use of the subsidiaries, the discounted cash flows of the four years of explicit forecast plus a terminal value were taken into account; the latter value was determined by using the criterion of discounting the perpetuity. The discount rates applied to prospective cash flows were calculated taking into consideration the industries in which the subsidiaries operate, the debt structure of each, and the current economic situation; a summary of the discount rates used for each company is given below.

| Subsidiary | Country | WACC |
|--------------------------------------|---------------|--------|
| Fidia Co. | United States | 7.62% |
| Beijing Fidia M&E Co. Ltd. | China | 8.35% |
| Shenyang Fidia NC & Machine Co. Ltd. | China | 8.35% |
| Fidia GmbH | Germany | 7.62% |
| Fidia Sarl | France | 8.13% |
| Fidia Iberica S.A. | Spain | 9.27% |
| Fidia Do Brasil Ltda | Brazil | 10.75% |

The growth rate for the cash flows for the years following the explicit forecast period was assumed to be zero (in line with that used in previous years), to take into account the current economic situation adopting an appropriate and prudential approach.

The result of the impairment test was independently approved and separate from these financial statements.

With regard to equity investments, the test did not show the need to make any additional write-downs to those made in the financial statements at 31/12/2020.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

Other non-current receivables and assets comprised the following items:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|---|-----------------------------|-----------------------------|
| Security deposits | 157 | 16 |
| Receivables for foreign VAT | 19 | 12 |
| Other current | 16 | - |
| Multi-year prepaid expenses | 5 | 12 |
| Total other non-current receivables and assets | 197 | 40 |

It is deemed that the carrying amount of other non-current receivables and assets is near fair value.

15. INVENTORY

The breakdown of the item is illustrated in the following table:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Raw/auxiliary materials and consumable supplies | 6,505 | 7,152 |
| Provisions for write-down of raw materials | (2,131) | (2,121) |
| Net value of raw materials, subsidiary materials and consumables | 4,374 | 5,031 |
| Semi-finished products and work in progress | 1,833 | 2,830 |
| Finished products and goods for resale | 1,012 | 1,305 |
| Finished products and goods depreciation provision | (97) | (110) |
| Net value finished products and goods | 915 | 1,195 |
| Advances | 1,009 | 122 |
| Total inventory | 8,131 | 9,178 |

Inventories recorded a decrease of €1,047 thousand YOY.

The provisions for depreciation equivalent to €2,228 thousand (€2,231 thousand at 31 December 2020) were reported to hedge some slow-moving components; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

16. TRADE RECEIVABLES

At 31 December 2021 these amounted to €6,998 thousand, up €3,472 thousand YOY. In detail:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Trade receivables from customers | 4,777 | 2,373 |
| Provision for bad debts | (937) | (933) |
| Total trade receivables from others | 3,840 | 1,440 |
| Receivables from subsidiaries | 3,158 | 2,086 |
| Total trade receivables | 6,998 | 3,526 |

The breakdown of gross trade receivables from others by maturity is as follows:

| €thousand | 31 December 2021 | 31 December 2020 |
|--------------------------|------------------|------------------|
| Unexpired | 306 | 591 |
| Due up to 1 month | 2,601 | 150 |
| Due 1 to 3 months | 199 | 69 |
| Due 3 months to 6 months | 19 | 15 |
| Due 6 months to 1 year | 96 | 624 |
| Due over 1 year | 1,556 | 924 |
| Total | 4,777 | 2,373 |

All trade receivables are due within one year.

Receivables were aligned at the expected realisable amount by means of the provisions for write-down of receivables equal to €937 thousand. In application of IFRS 9, the Group assesses trade receivables using an expected loss approach. The Company has therefore adopted a simplified approach, whereby the provision for bad debts reflects expected losses based on the life of the receivable. In determining the provision, the Company has relied on historical experience, external indicators and prospective information.

The changes in the provisions for write-down of receivables were:

| | |
|------------------------------------|------------|
| Balance at 31 December 2020 | 933 |
| €thousand | |
| Provisions in period | 4 |
| Utilisations | - |
| Balance at 31 December 2021 | 937 |

Gross trade receivables from others broken down by geographical area were the following:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-------------------|-----------------------------|-----------------------------|
| Italy | 518 | 591 |
| Europe | 148 | 145 |
| Asia | 4,078 | 1,618 |
| Rest of the World | 33 | 19 |
| Total | 4,777 | 2,373 |

Receivables from subsidiaries were the following:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-----------------------------|-----------------------------|-----------------------------|
| Fidia Co. | 399 | 110 |
| Fidia Sarl | (13) | 15 |
| Fidia Iberica S.A. | 99 | 0 |
| Fidia GmbH | 660 | 178 |
| Fidia do Brasil Ltda | 845 | 817 |
| Beijing Fidias M&E Co. Ltd. | 1,168 | 966 |
| Total Receivables | 3,158 | 2,086 |

With reference to receivables from subsidiaries, within the framework of the arrangement procedure, mutual intercompany credit and debit positions were offset. The net balance of these positions was included in the formation of the liabilities that emerged from the arrangement procedure. Debt positions owed to subsidiaries will be satisfied on a subordinated basis, as stipulated in the Arrangement Plan.

Trade receivables from subsidiaries broken down by geographical area were the following:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-------------------------|-----------------------------|-----------------------------|
| Europe | 746 | 193 |
| North and South America | 1,244 | 927 |
| Asia | 1,168 | 966 |
| Total | 3,158 | 2,086 |

At year-end there were no receivables from associates.

It is deemed that the carrying amount of trade receivables is near the fair value.

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|---|--------------------------------|-----------------------------|
| Current tax receivables: | | |
| Receivables from tax authorities for VAT | 31 | 31 |
| Tax receivables for income tax and IRAP | 46 | 46 |
| Other tax receivables | 234 | 230 |
| Total current tax receivables | 311 | 307 |
| | | |
| Research grants | 12 | 82 |
| Accruals and prepayments | 122 | 160 |
| Receivables from employees | 186 | 200 |
| Receivables from social security institutions | 121 | 243 |
| Advances from suppliers | 448 | 88 |
| Dividends receivable | 1,222 | 1,096 |
| Receivables from banking institution for undue compensation | 331 | 331 |
| Total other current receivables and assets | 2,442 | 2,200 |

With reference to receivables for dividends, referring to the subsidiary Fidia Beijing, within the framework of the arrangement procedure, these positions were offset against the debt positions that Fidia S.p.A. has with it. The net balance of these positions was included in the formation of the liabilities that emerged from the arrangement procedure and the satisfaction of it will take place, as well as for the other intercompany positions, on a deferred basis, as provided for in the Arrangement Plan.

It is deemed that the carrying amount of Other current receivables and assets is near the fair value. Other current receivables will be due entirely by the next period.

18. OTHER CURRENT FINANCIAL ASSETS

This item represents an interest-bearing loan from the Parent Company to the Fidia do Brasil branch, amounting to €84 thousand, including accrued interest, expiring on 31 December 2021.

19. CASH AND CASH EQUIVALENTS

The overall total of cash amounted to €1,970 thousand (€1,373 thousand at 31 December 2020). This item is composed of temporary cash on bank accounts pending future use amounting to €1,969 thousand and cash on hand in the amount of €1 thousand. It is deemed that the carrying amount of the cash and cash equivalents is aligned to the fair value at reporting date.

Credit risk correlated with cash and cash equivalents is limited because the counterparts are leading Italian and international banks.

20. SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2021 amounted to -€8,505 thousand, down €2,816 thousand compared to 31 December 2020. The change was due to:

- loss of the period (-€2,857 thousand);
- negative effect of the accounting of actuarial change on the termination benefits net of the theoretical tax effect (-€60 thousand);
- positive effect of the cash flow hedge reserve net of the theoretical tax effect (€101 thousand).

The main classes composing the Shareholders' Equity and related changes are the following.

Share capital

Capital issued amounted to €5,123,000 and was unchanged compared to 31 December 2020. The share capital, fully subscribed and paid in, is unchanged and numbered 5,123,000 ordinary shares with a face value of €1 each.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2019 and the number of circulating shares at 31 December 2021:

| | At 31 December 2019 | (Purchase)/ Sale of own shares; new subscriptions | At 31 December 2020 | (Purchase)/ Sale of own shares; new subscriptions | At 31 December 2021 |
|-----------------------------|---------------------|--|---------------------|--|---------------------|
| Ordinary shares issued | 5,123,000 | - | 5,123,000 | - | 5,123,000 |
| Minus: Treasury shares | 10,000 | - | 10,000 | - | 10,000 |
| Circulating ordinary shares | 5,113,000 | - | 5,113,000 | - | 5,113,000 |

Share premium reserve

This reserve amounted to €1,240 thousand and was unchanged compared to 31 December 2020.

Legal reserve

Legal reserve in the amount of €883 thousand was unchanged compared to 31 December 2020.

Provisions for treasury shares in portfolio

At 31 December 2021, it amounted to €46 thousand and was unchanged YOY.

These reserves are not available until treasury shares are held.

Extraordinary reserve

At 31 December 2021, it amounted to €309 thousand and was unchanged compared to 31 December 2020.

Reserve profit/loss on exchange rates not realised

At 31 December 2021, it amounted to €8 thousand and was unchanged compared to 31 December 2020.

Earnings (loss) carried forward

At 31 December 2021, earnings carried forward amounted to -€12,809 thousand euros and decreased by €9,573 thousand compared to 31 December 2020 due to the allocation of the 2020 loss as per the shareholders' resolution of 8 July 2022.

Treasury shares

Treasury shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €46 thousand.

There were no changes in 2021, as illustrated in the following table.

| | No. Shares | Nominal value (€/000) | % of share capital held | Carrying amount (€/000) | Mean unit value (€) |
|-------------------------------|------------|-----------------------|-------------------------|-------------------------|---------------------|
| Situation at 1 January 2021 | 10,000 | 1.00 | 0.20% | 46 | 4.55 |
| Purchases | - | - | - | - | - |
| Sales | - | - | - | - | - |
| Write-downs | - | - | - | - | - |
| Write-backs | - | - | - | - | - |
| Situation at 31 December 2021 | 10,000 | 1.00 | 0.20% | 46 | 4.55 |

Profit (loss) stated directly in equity

At 31 December 2021, it amounted to -€285 thousand compared to -€225 thousand at 31 December 2020; the change was due to the accounting of actuarial changes for termination benefits in 2021, net of theoretical tax effect.

Cash flow hedge reserve

The cash flow hedge reserve includes the fair value of a derivative instrument (interest rate swap) entered into by the company to hedge the risk of interest rate fluctuations on a floating-rate real estate lease.

In 2021, the cash flow hedge provisions registered the following changes:

| €thousand Type of financial instrument | Nature of hedged risk | Cash Flow Hedge reserve | | | | CFH reserve released to profit or loss | Closing balance at 31/12/2021 |
|---|-----------------------|-------------------------------|------------|-----------|----------|--|-------------------------------|
| | | Opening balance at 01/01/2021 | Increases | Decreases | | | |
| - Interest rate swap | Interest rate risk | (218) | 101 | - | - | (117) | |
| Total | | (218) | 101 | - | - | (117) | |

According to article 2427, no. 7bis, of the Italian Civil Code, as amended by Italian Legislative Decree no. 6/03, the following schedule of the Shareholders' Equity items is provided below, and it specifies the utilisation of provisions:

| €thousand | Amount | Availability | Distributability | Utilizations in previous 3 fiscal years | |
|--|----------|--------------|------------------|---|---------------|
| | | | | To cover losses | Other reasons |
| Capital issued: | 5,123 | | | | |
| Capital reserves: | | | | | |
| Provisions for share premium (1) | 1,240 | A, B | --- | - | - |
| Profit reserves: | | | | | |
| Provisions for treasury shares | 46 | - | --- | - | - |
| Legal reserve | 883 | B | --- | - | - |
| Cash Flow Hedge reserve | (117) | --- | --- | - | - |
| Profit (loss) stated directly in equity | (285) | --- | --- | - | - |
| Extraordinary reserve | 309 | A,B,C | 309 | - | - |
| Earnings (loss) carried forward | (12,809) | | - | 15,617 | - |
| Unrealised foreign exchange gains and others | 8 | A,B,C | - | | - |
| Total distributable share | | | 309 | 15,617 | |

(1) Fully available for increase of share capital and coverage of loss. For other utilisations, it is necessary to adjust in advance the legal reserve to 20% of the issued capital (also through transfer from the provisions for share premium).

Legend:

- A: for capital increase
- B: To cover losses
- C: for distribution to shareholders

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Advances for research projects | 176 | 346 |
| Long-term deferred income and other payables | 19 | 17 |
| Total | 195 | 363 |

Advances for research projects consisted of advance payments from the European Union and the Italian University and Research University for funds granted for funded projects whose completion is expected after the end of the next period.

22. TERMINATION BENEFITS

This item reflects the benefits set out by Italian law (amended by Italian Law No. 296/06) accrued by employees at 31 December 2006 and which will be paid out when an employee leaves the company.

Under specific conditions, a part of it can be paid in advance to the employee during his working life. It is a non-funded defined benefits plan, considering the benefits almost entirely accrued, with the sole exception of revaluation.

Changes in the termination benefits are illustrated in the table below:

| (€thousand) | |
|---|--------------|
| Amount at 1 January 2021 | 2,114 |
| Amount accrued and allocated in year | 351 |
| Benefits paid out in year | (8) |
| Amount transferred to State Fund and complementary pension scheme | (339) |
| Finance expenses on termination benefits | 2 |
| Accounting of actuarial losses | 79 |
| Substitute tax | (12) |
| Balance at 31 December 2021 | 2,188 |

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 20).

Please be noted that the interest on charges relating to the defined benefits plans for employees are comprised under finance costs, hence leading to an increase in finance costs of the period in the amount of €2 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

| | At 31 December 2021 | At 31 December 2020 |
|---|------------------------|------------------------|
| Discount rate | EUR Composite AA curve | EUR Composite AA curve |
| Future inflation rate | 1.75% | 0.80% |
| Frequency of request for advances | 3.0% | 3.0% |
| Relative frequency of resignation/dismissal middle managers, officer workers, workers and apprentices | 3.0% | 3.0% |
| Relative frequency of resignations/dismissals managers | 5.0% | 5.0% |

The discount rate used to determine the present value of the obligation was derived, in accordance with paragraph 83 of IAS 19, from the AA rating EUR Composite curve recorded at the measurement date:

| Year | 31 December 2021 |
|------|------------------|
| 1 | -0.39% |
| 2 | -0.17% |
| 3 | -0.01% |
| 4 | 0.14% |
| 5 | 0.26% |
| 6 | 0.33% |
| 7 | 0.37% |
| 8 | 0.41% |
| 9 | 0.48% |
| 10 | 0.57% |
| 11 | 0.66% |
| 12 | 0.74% |
| 13 | 0.82% |
| 14 | 0.91% |
| 15 + | 0.99% |

As required by IAS19, the following tables show a sensitivity analysis for each relevant actuarial assumption at the end of the reporting period, showing the effects there would have been as a result of changes in actuarial assumptions that were reasonably possible at that date, in absolute terms, an indication of the contributions for the next period, the average financial duration of the obligation, and the disbursements under the plan.

Sensitivity analysis Defined Benefit Obligation (€thousand)

| | 31 December 2021 |
|-----------------------|------------------|
| +0.25% inflation rate | 2,209 |
| -0.25% inflation rate | 2,167 |
| +0.25% discount rate | 2,169 |
| -0.25% discount rate | 2,167 |
| +1% turnover rate | 2,179 |
| -1% turnover rate | 2,197 |

Service cost and duration

| | |
|-------------------------|-----------|
| Service cost pro-future | 0.00 |
| Duration of the plan | 6.7 years |

Future plan disbursements (€thousand)

| Years | Planned disbursements |
|-------|-----------------------|
| 1 | 196 |
| 2 | 266 |
| 3 | 117 |
| 4 | 257 |
| 5 | 243 |

The following table proposes a sensitivity analysis of the termination benefits fund if one of the basic assumptions varies. Specifically, a 10% increase and decrease was assumed with regard to the parameters used for the measurement of the termination benefits fund at 31 December 2021.

| | Ipotesi di Base | Variazioni delle Ipotesi di Base | | | | | | | | | | |
|---|--------------------------------|--|-------|--------|--------|-------|--------|-------|--------|-------|--------|--|
| | | 0,55% | 1,05% | | | | | | | | | |
| Tasso d'inflazione proiettato | Curva | | | | | | | | | | | |
| Incidenza media dell'anticipo sul TFR maturato inizio anno | 70,00% | | | 63,00% | 77,00% | | | | | | | |
| Tasso di richiesta di anticipo: Dirigente | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Quadro | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Impiegato | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Operaio | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di richiesta di anticipo: Apprendista | 3,00% | | | | | 2,70% | 3,30% | | | | | |
| Tasso di attualizzazione | Curva | | | | | | | -10% | +10% | | | |
| Tasso di uscita per dimissioni e licenziamento: Dirigente | 5,00% | | | | | | | | | 4,50% | 5,50% | |
| Tasso di uscita per dimissioni e licenziamento: Quadro | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Tasso di uscita per dimissioni e licenziamento: Impiegato | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Tasso di uscita per dimissioni e licenziamento: Operaio | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| Tasso di uscita per dimissioni e licenziamento: Apprendista | 3,00% | | | | | | | | | 2,70% | 3,30% | |
| | TFR su base IAS ^(*) | Variazione percentuale del TFR su base IAS rispetto alle Ipotesi di Base | | | | | | | | | | |
| Fidia S.p.A. | 2.187.766 | -0,94% | 0,96% | 0,04% | -0,04% | 0,33% | -0,32% | 0,20% | -0,31% | 0,27% | -0,25% | |

(*) amounts in EUR

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item includes the fair value of interest rate swap contracts entered into to hedge (cash flow hedge) the risk of variability of interest expense flows of two medium- to long-term loans and a real estate lease contract.

| €thousand | 31 December 2021 | | 31 December 2020 | |
|--|------------------|------------|------------------|------------|
| | Notional amount | Fair value | Notional amount | Fair value |
| Cash Flow Hedge | | | | |
| Interest rate risk - INTESA Interest Rate Swap | - | - | 361 | - |
| Interest rate risk - INTESA Interest Rate Swap | 2,815 | 158 | 2,995 | 291 |
| Interest rate risk - Banco Popolare Interest Rate Swap | | | 214 | - |
| Total | | 158 | | 291 |

Financial flows relating to cash flow hedges impact on the statement of comprehensive income of the Company consistently with the timing with which the hedged cash flows occur.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €13,959 thousand and are specified in detail in the following table:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|---|-----------------------------|-----------------------------|
| Overdrawn bank accounts and short-term advances | 2,099 | 2,067 |
| Financial accruals and deferrals | 23 | 25 |
| Inter-company loans | 2,195 | 2,052 |
| ISP loan "3.500" (part medium/long term and part short term) | 350 | 350 |
| BNL loan "2,500" (part medium/long term and part short term) | 525 | 525 |
| ISP loan "3,000" (part medium/long term and part short term) | 1,075 | 1,075 |
| BPM loan "1.500" (part medium/long term and part short term) | 650 | 650 |
| UNICREDIT loan (Plafond Supercash Rotativo) | 543 | 543 |
| ISP loan "1.500" (part medium/long term and part short term) | 627 | 627 |
| Short-term BNL loan No. 1873555 | 556 | 556 |
| Loans and financial liabilities with credit institutions | 8,643 | 8,469 |
| Mediocredito Italiano (Forlì property lease) | 4,590 | 4,856 |
| San Mauro Torinese property lease (IFRS16) | 649 | 830 |
| Car leases (IFRS16) | 77 | 209 |
| Liabilities for leases | 5,316 | 5,894 |
| Total | 13,959 | 14,363 |

The allocation of the financial liabilities by due date was as follows:

| €thousand | By 1 year | By 5 years | Over 5 years | Total |
|---|--------------|--------------|--------------|---------------|
| Overdrawn bank accounts and other short-term advances | 2,122 | - | - | 2,122 |
| Inter-company loans | 2,195 | - | - | 2,195 |
| Medium-to-long term bank loans | 2,590 | 290 | - | 2,880 |
| Short-term loans | 1,446 | - | - | 1,446 |
| Loans and financial liabilities with credit institutions and inter-group companies | 8,353 | 290 | - | 8,643 |
| Mediocredito Italiano (Forlì property lease) | 277 | 1,585 | 2,728 | 4,590 |
| San Mauro Torinese property lease (IFRS16) | 188 | 460 | - | 648 |
| Car leases Italy (IFRS16) | 78 | - | - | 78 |
| Liabilities for leases | 543 | 2,045 | 2,728 | 5,316 |
| Total | 8,896 | 2,335 | 2,728 | 13,959 |

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Inter-company loans consist of two interest-bearing loans amounting to €2,195 thousand (and the related interest rate) granted by the subsidiary Fidia Co. for a total of €1,854 thousand and one by the subsidiary Fidia GmbH for a value of €341 thousand. The contracts with Fidia Co are valid until 31 December 2020. One contract with Fidia GmbH ran until 23 March 2021 while two contracts ran until 31 December 2020. All loans were frozen following the arrangement approval.

Bank loans have the following main characteristics:

Loan - ISP "3.500" (part medium/long term and part short term)

Original amount €3,500 thousand

| | |
|--------------------|---|
| Outstanding amount | €350 thousand |
| Date of loan | 20/04/2015 |
| Term | Loan due date 01/04/2021 (*) |
| Repayment | 20 quarterly instalments (01/07/2015 to 01/04/2021) |
| Interest rate | 3-month Euribor, base 360 + 2.0% spread |

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended.

Loan - BNL "2,500" (part medium/long term and part short term)

| | |
|--------------------|---|
| Original amount | €2,500 thousand |
| Outstanding amount | €525 thousand |
| Date of loan | 28/01/2016 |
| Term | Loan due date 31/12/2021 (*) |
| Grace period | 1 quarterly instalment (31/03/2016) |
| Repayment | 19 quarterly instalments (30/06/2016 to 31/12/2021) |
| Interest rate | 3-month Euribor, base 360 + 1.35% spread |

This loan is guaranteed at 50% by Sace S.p.A. In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended.

Loan - ISP "3,000" (part medium/long term and part short term)

| | |
|--------------------|---|
| Original amount | €3,000 thousand |
| Outstanding amount | €1,075 thousand |
| Date of loan | 17/05/2016 |
| Term | Loan due date 01/04/2022 (*) |
| Grace period | 3 quarterly instalments (01/07/2016 to 01/01/2017) |
| Repayment | 17 quarterly instalments (01/04/2017 to 01/04/2022) |
| Interest rate | 3-month Euribor, base 360 + 1.5% spread |

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended.

Loan - Banco Popolare "1,500" (part medium/long term and part short term)

| | |
|--------------------|---|
| Original amount | €1,500 thousand |
| Outstanding amount | €650 thousand |
| Date of loan | 27/04/2017 |
| Term | Loan due date 30/06/2022 (*) |
| Grace period | 3 quarterly instalments (30/06/2017, 30/09/2017 and 31/12/2017) |
| Repayment | 14 quarterly instalments (31/03/2019 to 30/06/2022) |
| Interest rate | 3-month Euribor, base 360 + 1.4% spread |

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended.

UNICREDIT loan "MUTUO PLAFOND SUPERCASH ROTATIVO"

| | |
|------------------|--|
| Original ceiling | €1,200 thousand |
| Ceiling used | €543 thousand |
| Term | Loan due date 28/01/2020, 30/11/2020, 31/12/2020 |
| Repayment | Every four months |
| Interest rate | Fixed rate 1.5% |

Loan - ISP "1.500" (medium/long-term portion and short-term portion)

| | |
|--------------------|---|
| Original amount | €1,500 thousand |
| Outstanding amount | €627 thousand |
| Date of loan | 31/01/2019 |
| Term | Loan due date 31/01/2022 (*) |
| Repayment | 12 quarterly instalments (30/04/2019 to 31/01/2022) |
| Interest rate | 3-month Euribor, base 360 + 1.2% spread |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended.

BNL loan (short-term)

| | |
|--------------------|---|
| Original amount | €1,250 thousand |
| Outstanding amount | €556 thousand |
| Date of loan | 30/06/2019 |
| Term | Loan due date 30/04/2021 (*) |
| Grace period | 3 monthly instalments (30/06/2020 to 30/08/2020) |
| Repayment | 12 monthly instalments (30/06/2020 to 30/04/2021) |
| Interest rate | Fixed rate 2% |

(*) The original due date was subject to change based on the extension of the *standstill* agreement with bank lenders, and instalments due in 2020 were suspended.

Property lease - Mediocredito Italiano - line 1

| | |
|----------------------|--|
| Amount | €5,598 thousand |
| Major instalment | €1,260 thousand |
| Outstanding amount | €3,439 thousand |
| Date of loan | 25/06/2014 |
| Term | 179 monthly instalments (01/12/2017 to 01/10/2032) |
| Current leasing rate | 3.48% |
| Planned redemption | €558 thousand |

Property lease - Mediocredito Italiano - line 2

| | |
|----------------------|--|
| Original amount | €1,000 thousand |
| Major instalment | €400 thousand |
| Outstanding amount | €502 thousand |
| Date of loan | 28/05/2015 |
| Term | 179 monthly instalments (01/12/2017 to 01/10/2032) |
| Current leasing rate | 2.42% |
| Set redemption | €100 thousand |

Property lease - Mediocredito Italiano - line 3

| | |
|----------------------|--|
| Original amount | €1,802 thousand |
| Major instalment | €722 thousand |
| Outstanding amount | €914 thousand |
| Date of loan | 30/11/2017 |
| Term | 179 monthly instalments (01/12/2017 to 01/10/2032) |
| Current leasing rate | 2.73% |
| Set redemption | €179 thousand |

In order to hedge interest rate risk, an interest rate swap hedging contract was entered into on a portion (€3,500 thousand) of the above three contracts.

IFRS16 - San Mauro Torinese property

| | |
|------------------------|-----------------|
| Original amount | €1,122 thousand |
| Outstanding amount | €830 thousand |
| Date of first adoption | 01/01/2019 |

IFRS16 - San Mauro Torinese Vehicles

| | |
|------------------------|---------------|
| Original amount | €398 thousand |
| Outstanding amount | €209 thousand |
| Date of first adoption | 01/01/2019 |

The table below shows the movements in loans during the year.

| €thousand | Balance at 1 January 2021 | New loans | Repayment s | Balance at 31 December 2021 |
|---|------------------------------|------------|----------------|-----------------------------------|
| Inter-company loans | 2,052 | 143 | - | 2,195 |
| ISP "3.500" loan (part medium/long term and part short term) | 350 | - | - | 350 |
| Loan - BNL "2.500" (part medium/long term and part short term) | 525 | - | - | 525 |
| ISP "3.000" loan (part medium/long term and part short term) | 1,075 | - | - | 1,075 |
| Loan - BPM "1.500" (part medium/long term and part short term) | 650 | - | - | 650 |
| UNICREDIT loan (Plafond Supercash Rotativo) | 543 | | | 543 |
| Loan - ISP "1.500" (part medium/long term and part short term) | 627 | | | 627 |
| Short-term BNL loan No. 1873555 | 556 | | | 556 |
| Loans and financial liabilities with credit institutions | 6,378 | 143 | | 6,521 |
| Mediocredito Italiano (Forli' property lease) | 4,856 | | (266) | 4,590 |
| San Mauro Torinese property lease (IFRS16) | 830 | | (182) | 648 |
| Car leases Italy (IFRS16) | 209 | | (131) | 78 |
| Liabilities for leases | 5,895 | | (579) | 5,316 |
| Total | 12,273 | 143 | (579) | 11,837 |

It is deemed that the carrying amount of floating rate financial liabilities as at the reporting date is a reasonable estimate of their fair value.

For more information on the management of interest and exchange rate risk on loans, please refer to Note No. 29.

25. TRADE PAYABLES

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-----------------------------|-----------------------------|-----------------------------|
| Payables to other suppliers | 10,551 | 8,769 |
| Payables to subsidiaries | 6,245 | 5,657 |
| Payables to associates | 18 | 18 |
| Total trade payables | 16,814 | 14,444 |

The allocation of the trade payables by due date was as follows:

| €thousand | Due date within 1 month | Due date beyond 1 to 3 months | Due date beyond 3 to 12 months | Due date 1 to 5 years | Total |
|-----------------------------|-------------------------|-------------------------------|--------------------------------|-----------------------|---------------|
| Payables to other suppliers | 9,132 | 1,419 | - | - | 10,551 |
| Payables to subsidiaries | 6,051 | 194 | - | - | 6,245 |
| Payables to associates | 18 | - | - | - | 18 |
| Total trade payables | 15,201 | 1,613 | - | - | 16,814 |

The geographical breakdown of the trade payables to suppliers was as follows:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-------------------------|-----------------------------|-----------------------------|
| Italy | 8,490 | 6,961 |
| Europe | 571 | 408 |
| Asia | 1,485 | 1,391 |
| North and South America | - | - |
| Rest of the World | 5 | 10 |
| Total | 10,551 | 8,770 |

Payables to subsidiaries, which refer to trade items due within the next period are divided as follows:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|---------------------------------------|-----------------------------|-----------------------------|
| Fidia Co. | 341 | 303 |
| Fidia Iberica S.A. | 20 | 13 |
| Fidia GmbH | 173 | 108 |
| Beijing Fidra M&E Co. Ltd. | 5,351 | 4,901 |
| Fidia do Brasil Ltda | 360 | 332 |
| Total payables to subsidiaries | 6,245 | 5,657 |

Similarly to what has been mentioned with regard to trade receivables from subsidiaries (Note 16), with reference to intercompany payables, within the framework of the arrangement proposal approved by the Committee of Company Creditors and for which approval by the competent Court is pending, mutual intercompany credit and debt positions have been offset. The net balance of these positions was included in the formation of the liabilities that emerged from the arrangement procedure. Debt positions owed to subsidiaries will be satisfied on a subordinated basis, as stipulated in the Arrangement Plan.

Trade payables to subsidiaries broken down by geographical area were the following:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|-------------------------|-----------------------------|-----------------------------|
| Europe | 193 | 121 |
| Asia | 5,351 | 4,901 |
| North and South America | 701 | 635 |
| Total | 6,245 | 5,657 |

The geographical breakdown of the trade payables to subsidiaries was as follows:

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|------------------------|-----------------------------|-----------------------------|
| Prometec Consortium | 2 | 2 |
| Probest Service S.p.A. | 12 | 16 |
| Total | 18 | 18 |

Trade payables are due by the next period, and it is deemed that their carrying amount at reporting date is near fair value.

26. TAX PAYABLES, OTHER CURRENT PAYABLES AND LIABILITIES

| €thousand | Balance at 31 December 2021 | Balance at 31 December 2020 |
|--|-----------------------------|-----------------------------|
| Current tax payables: | | |
| - Withholding taxes | 738 | 500 |
| - Payables to tax authorities for VAT | 64 | 62 |
| - Other tax payables | 19 | 20 |
| Total current tax payables | 821 | 582 |
| Other current payables and liabilities: | | |
| Payables to employees | 1,813 | 1,680 |
| Social security payables | 1,147 | 1,017 |
| Advance from customers | 6,494 | 4,026 |
| Payables for emoluments | 353 | 223 |
| Deferrals | 41 | 88 |
| Payables to lending institution for undue compensation | 331 | 331 |
| Accrued expenses | 145 | 104 |
| Miscellaneous payables | 179 | 122 |
| Total other current payables and liabilities | 10,504 | 7,591 |

Payables to employees pertain to benefits accrued at year-end (accrual of bonuses, overtime in general, etc.) as well as to the amounts due for holidays accrued and not yet taken.

Social security payables refer to accrued payables for amounts due by the Company and by employees on wages and salaries for the month of December and deferred compensation.

Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IFRS 15 – *Revenue from Contracts with Customers*, cannot be stated in the revenue. This item comprises also advances received from subsidiaries in the amount of €865 thousand.

Finally, Current tax payables and Other current payables and liabilities are payable by the next period, and it is deemed that their carrying amount is near their fair value.

27. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and expenses amounted to €765 thousand as per the schedule.

| €thousand | Balance 31 December 2020 | Accrual | Proceeds/release | Balance 31 December 2021 |
|--|-----------------------------|------------|------------------|-----------------------------|
| Warranty provisions | 435 | 25 | (83) | 377 |
| Other provisions | 308 | 80 | - | 388 |
| Total other provisions for risks and expenses | 743 | 105 | (83) | 765 |

Product warranty provisions comprise the best possible estimate of the obligation undertaken by the Company by contract, law or custom with regard to expenses related to warranty on its products for a certain period effective as of sale to the final customer. This estimated is calculated based on the experience of the Company and the specific contract terms.

The item Other provisions includes an estimate of the potential impact from the inspection by INAIL (National Institute for Industrial Accident Insurance) that took place during 2018, following which discussions with the same institute have continued to date. The item also includes the provision for risks on equity investments related to Fidia do Brasil Ltda.

28. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2021, they amounted to €467 thousand, unchanged from €467 thousand at 31 December 2020. This item consists almost solely of guarantees for business transactions with foreign customers for down payments received or coverage of obligations undertaken by contract by the Company during the warranty period.

Contingent liabilities

Though subject to risks of diverse nature (product, legal and tax liability), on 31 December 2021 the Company was not aware of any facts liable of generating foreseeable and appraisable potential liabilities and hence it deemed that there was no need to make further provisions.

If it is probable that an outlay is due to meet obligations and said amount can be reliably estimated, the Company has made specific provisions for risks and expenses.

29. INFORMATION ON FINANCIAL RISKS

The measurement and management of exposure to financial risks of Fidia S.p.A. are consistent with the provisions of the Group policies.

In particular, the main categories of risk that the company is exposed to are illustrated below.

MARKET RISKS

In general, market risks are the result of the effects of changes in prices or other market risk factors (such as interest and exchange rates) both on the value of the positions held in the trading and hedging portfolio and the positions resulting from commercial operations.

The management of market risks comprises all the assets related to treasury and equity management transactions. The objective of market risk management is to manage and keep the Company's exposure to this risk within acceptable levels, while optimizing, at the same time, the yield of its own investments.

The market risks include exchange and interest rate risk.

Exchange rate risk: definition, sources and management policies

Exchange rate risk can be defined, in general, as the set of effects resulting from changes in the exchange rate relations between foreign currencies on the performance of the company in terms of operating results, market shares and cash flows.

The Company is exposed to the risk of the oscillation of the exchange rates of currencies, as it operates in an international context in which transactions are conducted at different exchange and interest rates.

Exposure to exchange rate risk results from the geographical location of the business units compared to the geographical distribution of the markets where it sells its products.

In particular, the Company is exposed to two types of exchange rate risk:

- economic/competitive: comprises all effects that a change in market exchange rates can have on the Company income and may hence impact strategic decisions (products, markets and investments) and Company competitiveness on the reference market;
- transaction: consists in the possibility that changes in exchange rate relations occur between the date on which a financial obligation between the counterparts becomes highly probably and/or certain and the date of transaction settlement. These changes cause a difference between the expected and effective financial flows.

The Company manages exchange rate risks its policy of fixing the selling prices of products in foreign currencies and, if necessary, through the use of derivative financial instruments, the use of which is reserved for the management of exposure to exchange rate fluctuations connected with future cash flows and assets and liabilities.

Specifically, in setting the sales price for the foreign counterparty, the company, starting from its margin targets determined in euro, usually applies the exchange rate in place on the date of the order plus the financial component (cost of carry) related to the expected due dates of the collections related to the transaction. For short-term transactions (a few months), the company usually does not engage in derivative transactions to block the exchange rate (and thus completely neutralise possible spot exchange rate fluctuations in the short term). On the other hand, for transactions with medium-to-long expected timelines, the company conducts hedging transactions through the use of derivative instruments.

When the Company decides to carry out transactions in foreign exchange derivatives, it implements a hedging policy only for transaction risk resulting from existing business transactions and from future contractual obligations to hedge cash flows. The goal is to set in advance the exchange rate at which the relevant transactions in foreign currency will be measured.

The main hedges for exposure to foreign exchange risk are traditionally provided for the U.S. dollar, which is the most widely used foreign currency in commercial transactions other than the local currency.

The typically used instruments are forward, flexible forward or other types of contracts on exchange rates correlated by amount, due date and reference parameters with the hedged position.

At 31 December 2021, there were no derivative instruments hedging exchange rate risks.

Exchange rate risk: quantitative information and sensitivity analysis

As stated above, the Company is exposed to risks resulting from changes in exchange rates that can affect both the profit and loss result and the equity.

In particular, when the Company incurs costs in currencies other than the presentation currency of the relevant revenues (and vice versa), the change in exchange rates can affect the earnings.

With regard to the business operations, the Company can have trade receivables or payables in currencies other than the presentation currency. The change in exchange rates can lead to the realization or measurement of exchange rate gains or losses.

At 31 December 2021, the main currency to which the Company is exposed is the USD. At the same date, the Company has no derivative instruments in place to hedge currency exposures.

For the purpose of the sensitivity analysis, the potential effects of fluctuations in reference rates of financial instruments denominated in foreign currencies were analysed.

The analysis was carried out by applying to the exchange rate exposure reasonable positive and negative change of the EUR against the foreign currencies equal to 5%. Hypotheses were defined in which the local currency gains or loses value compared to the foreign currency.

The results of the sensitivity analysis on exchange rate risk are summarized in the tables below, which show the impacts on profit or loss and equity at 31 December 2021 and 31 December 2020. The prevalence of financial liabilities denominated in foreign currencies over financial assets expose the company to the risk of negative economic effects in the event of an increase in the exchange rate, that is, in the event of strengthening of the value of the euro against the foreign currency. The impacts on the income statement shown in the tables are pre-tax.

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

| Foreign Exchange Risk at 31 December 2021 | +5% change | | -5% change | |
|---|------------|-------------------------|--------------|-------------------------|
| | P&L | Other changes in equity | P&L | Other changes in equity |
| FOREIGN CURRENCY FINANCIAL ASSETS | | | | |
| Cash and cash equivalent | 13 | (1) | 1 | - |
| Hedging derivatives | | | | - |
| Receivables | 1,887 | (90) | 99 | |
| Effect | | (91) | 100 | - |
| FOREIGN CURRENCY FINANCIAL LIABILITIES | | | | |
| Derivatives for trading | | | | - |
| Hedging derivatives | | | | - |
| Loans payable | 1,854 | 88 | (98) | - |
| Overdrawn bank accounts | 1 | 0 | (0) | - |
| Trade payables | 1,147 | 55 | (60) | |
| Effect | | 143 | (158) | - |
| Total effect | | 52 | (58) | - |

FOREIGN EXCHANGE RATE SENSITIVITY ANALYSIS (€thousand)

| Foreign Exchange Risk at 31 December 2020 | +5% change | | -5% change | |
|---|------------|-------------------------|-------------|-------------------------|
| | P&L | Other changes in equity | P&L | Other changes in equity |
| FOREIGN CURRENCY FINANCIAL ASSETS | | | | |
| Cash and cash equivalent | 12 | (1) | 1 | - |
| Hedging derivatives | | | | - |
| Receivables | 1,302 | (62) | 69 | |
| Effect | | (63) | 70 | - |
| FOREIGN CURRENCY FINANCIAL LIABILITIES | | | | |
| Derivatives for trading | | | | - |
| Hedging derivatives | | | | - |
| Loans payable | 1,711 | 81 | (90) | - |
| Overdrawn bank accounts | 0 | 0 | (0) | - |
| Trade payables | 1,081 | 51 | (57) | |
| Effect | | 132 | (147) | - |
| Total effect | | 69 | (77) | - |

The quantitative data reported above have no forecast value; specifically, the sensitivity analysis on market risks cannot reflect the complexity and related market relations that may result from any assumed change.

Interest rate risk: definition, sources and management policies

The interest rate risk consists in changes in interest rates that affect both the margin and hence the profit of the Company and on the current value of future cash flows.

The Company is shown to interest rate oscillations on its own floating rate loans and leases attributable to the Eurozone, which the company avails itself of to fund its operations.

Changes in the structure of market interest rates affect the Company's capital and its economic value, thus influencing the level of net borrowing costs and the margins.

Interest rate risk management is considered with the well-established practice to reduce the risks of interest rate volatility, to reach an optimal mix of variable and fixed interest rates in the make-up of loans, thus offsetting market interest rate oscillations, while pursuing the objective of reducing finance costs on deposits to a minimum.

The Company manages risks of changes in interest rates by using derivatives whose use is reserved to the management of exposure to interest rate oscillations pertaining to money flows and assets and liabilities. Speculative transactions are not allowed.

At 31 December 2021 exposure to interest rate risk was hedged through the use of Interest Rate Swaps.

Interest Rate Swaps are used in order to predetermine the interest paid on various forms of financing in order to ensure stability of cash flows.

The counterparts of said financial instruments are primary credit institutions.

Interest rate risk: quantitative information and sensitivity analysis

The Company avails itself of loans to fund its own and subsidiary transactions. Changes in interest rates could have a negative or positive impact on Company earnings.

In order to tackle said risks, the Company uses interest rate derivatives and mainly interest rate.

At 31 December 2021, the Company had an Interest Rate Swap contract to hedge interest rate risk; it has a total negative fair value amounting to €157 thousand.

The Interest Rate Swap was entered into by the Company with the aim of neutralising the risk of variability of interest expense flows of the underlying real estate finance lease being hedged by transforming it into a fixed-rate lease by entering into the derivative contract.

In measuring the potential impacts of changes in the interest rates applied, the Company separately analysed the fixed rate financial instruments (for which the impact of the change in rates regards the fair value) and those at floating rate (for which the impact was determined in terms of cash flow) expressed in the various currencies, which the Company has significant exposure to, as specified in the section on exchange rate risk.

At 31 December 2021, some fixed-rate financial instruments were outstanding, but were not measured at fair value, but at amortised cost.

The floating rate financial instruments at 31 December 2021 included cash, bank loans and leases and are all denominated in EUR.

The sensitivity analysis was carried out in order to present the effects on the income statement and shareholders' equity at 31 December 2020, assuming that a reasonably possible change in the relevant risk variable occurred on that date and that this change was applied to the risk exposures existing at that date. Derivative financial instruments are also included in the sensitivity analysis.

At 31 December 2021, the following was assumed:

- - an increase in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to + 100 bps;
- a decrease in interest rates for all financial instruments (loans, financial leases and derivatives) at a floating rate equal to 10 bps;

The decision to simulate decreases of 10 bps and increases of 100 bps at 31 December 2021 (in 2020, 5 bps decrease and 10 bps increase had been used instead) depended on a changed market scenario which, after several years of expansive monetary policy characterised by very low and tendentially stable interest rates, is currently being characterised by a rapid and substantial increase in the general level of interest rates, especially in response to strong inflationary pressures. These changes have been hypothesized with all other variables constant. The impact before tax that such changes would have had are shown in the table below.

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

| | Carrying amount | Interest Rate Risk at 31 December 2021 | | | |
|------------------------------------|-----------------|--|-------------------------|-----------------|-------------------------|
| | | +100 bps change | | - 10-bps change | |
| | | P&L | Other changes in equity | P&L | Other changes in equity |
| FINANCIAL LIABILITIES | | | | | |
| Floating-rate loans | 3,230 | (32) | | 3 | |
| Fixed-rate loans | 3,292 | - | | - | |
| Floating-rate finance leases | 4,590 | (46) | | 5 | |
| Operating leases and rent (IFRS16) | 725 | - | | - | |
| IRS hedging derivatives | 157 | 28 | 175 | (3) | (18) |
| Total impact | | (50) | 175 | 5 | (18) |

INTEREST RATE SENSITIVITY ANALYSIS (€thousand)

| | Carrying amount | Interest Rate Risk at 31 December 2020 | | | |
|------------------------------------|-----------------|--|-------------------------|---------------|-------------------------|
| | | +10-bps change | | -5-bps change | |
| | | P&L | Other changes in equity | P&L | Other changes in equity |
| FINANCIAL LIABILITIES | | | | | |
| Floating-rate loans | 3,230 | (3) | | 2 | |
| Fixed-rate loans | 3,149 | - | | - | |
| Floating-rate finance leases | 4,855 | (5) | | 2 | |
| Operating leases and rent (IFRS16) | 1,039 | - | | - | |
| IRS hedging derivatives | 291 | 4 | 22 | (2) | (11) |
| Total impact | | 4 | 22 | 2 | (11) |

NB: for the sake of completeness, the tables also include liabilities related to operating leases and rent payable to which, as from 1 January 2019, IFRS 16 has been applied. However, since the cash flows of these liabilities are not parameterised to the market interest rate variable, there are no sensitivity impacts.

NB: with reference to the specific category of floating-rate loans payable (thus excluding floating-rate finance leases), the sensitivity analysis represents a purely theoretical exercise due to the fact that following the filing with the Court of Ivrea of the application for admission to the arrangement procedure pursuant to article 161, paragraph 6, of the Bankruptcy Law, at 31 December 2021 these financial liabilities are essentially "frozen" and will fall within the scope of the arrangement plan.

Liquidity risk: definition, sources and management policies

The liquidity risk consists of the possibility that the Company can find itself in the conditions of not being able to meet its payment obligations in cash or delivery, either foreseen or unexpected, due to a lack of financial resources, thus prejudicing day-to-day operations or its financial position.

The liquidity risk that the Company is exposed to can arise out of difficulties to timely obtain financing for its operations and can take the form of the inability to find the necessary financial resources at a reasonable conditions.

During the arrangement procedure, the short and medium/long-term demand for liquidity is constantly monitored by the Company management in order to timely obtain financial resources or an adequate investment of cash.

The Company has adopted a series of financial policies to reduce liquidity risk:

- perspective liquidity plans relating to the company planning process.
- monitoring and constant attention to spending needs;
- integrated and optimised management of liquidity resources at Group level;
- provision in the Arrangement Plan for increases in share capital to satisfy company creditors and the recovery of core business.

Liquidity risk: quantitative information

The two main factors that determine the Company's liquidity are, on the one hand, the resources generated or absorbed by operating and investing activities and, on the other, the characteristics of the expiry and renewal of the debt or liquidity of the financial obligations and market conditions.

The policies implemented to reduce liquidity risk consisted at 31 December 2021 of:

- perspective liquidity plans relating to the company planning process.
- monitoring and constant attention to spending needs;
- integrated and optimised management of liquidity resources at Group level;
- provision in the Arrangement Plan for increases in share capital to satisfy company creditors and the recovery of core business.

The management deems that the available resources, in addition to those that will be generated by operations and loans, will allow the Company to meet its needs resulting from activities relating to investments, management of circulating capital and the repayment of payables at their expiry.

It should be noted that as a result of the standstill agreement formalised with bank lenders in April 2020 and extended until 31 December 2020, the maturities of some loans have been postponed. In addition, following the application for admission to arrangement with creditors on 13 November 2020, all debts admitted to the procedure were frozen.

Based on the provisions of the Arrangement Plan, Management believes that - in addition to those that will be generated by operating and financing activities, including the planned capital increases with the exclusion of pre-emptive rights - the available resources will enable the Group to meet its needs for investment, net working capital management, and debt repayment in accordance with the terms and timing set forth in the Arrangement Plan.

An analysis of financial liabilities as required by IFRS7 is provided below.

MATURITY ANALYSIS (€thousand)

| | Carrying amount at 31 December 2021 | Contractual cash flows | within 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Beyond 5 years |
|--|--|---------------------------|-------------------|------------------|-------------------|-----------------|----------------------|
| FINANCIAL LIABILITIES | | | | | | | |
| Loans from banks | 4,326 | 4,367 | 4,147 | 110 | 110 | - | - |
| Other loans | 2,195 | 2,215 | 2,215 | - | - | - | - |
| Overdrawn bank accounts and short-term advances (*) | 2,099 | 2,099 | 2,099 | - | - | - | - |
| Trade payables | 16,814 | 16,814 | 16,469 | 345 | - | - | - |
| Liabilities for finance leases | 4,590 | 5,884 | 39 | 78 | 349 | 1,862 | 3,556 |
| Operating leases and rent (IFRS16) | 725 | 758 | 27 | 53 | 201 | 476 | 0 |
| DERIVATIVE LIABILITIES | | | | | | | |
| Interest rate swap | 157 | 157 | 4 | 7 | 31 | 83 | 32 |
| TOTAL | 30,907 | 32,293 | 24,999 | 593 | 691 | 2,422 | 3,588 |

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €1,763 thousand, which for reasons of prudence has been entirely allocated to the shortest maturity band.

MATURITY ANALYSIS (€thousand)

| | Carrying amount at 31 December 2020 | Contractual cash flows | within 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Beyond 5 years |
|--|--|---------------------------|-------------------|------------------|-------------------|-----------------|----------------------|
| FINANCIAL LIABILITIES | | | | | | | |
| Loans from banks | 4,327 | 4,367 | 1,170 | 697 | 1,790 | 710 | - |
| Other loans | 2,052 | 2,071 | 2,031 | 40 | - | - | - |
| Overdrawn bank accounts and short-term advances (*) | 2,067 | 2,067 | 2,067 | - | - | - | - |
| Trade payables | 14,444 | 14,444 | 13,860 | 583 | - | - | - |
| Liabilities for finance leases | 4,855 | 6,349 | 38 | 78 | 349 | 1,862 | 4,021 |
| Operating leases and rent (IFRS16) | 1,039 | 1,097 | 33 | 61 | 247 | 758 | 0 |
| DERIVATIVE LIABILITIES | | | | | | | |
| Interest rate swap | 291 | 286 | 4 | 8 | 34 | 146 | 94 |
| TOTAL | 29,074 | 30,681 | 19,203 | 1,467 | 2,420 | 3,475 | 4,116 |

(*) The amount includes short-term self-liquidating advances (advance payments on invoices, collection advances, advance payments on exports) of about €1,834 thousand, which for reasons of prudence has been entirely allocated to the shortest maturity band.

Credit risk: definition, sources and management policies

Credit risk is the exposure of the Company to potential losses that may result from the failure to meet obligations with counterparts.

The main causes of non-performance can relate to the inability to autonomously repay counterparts and to a possible worsening in credit standing.

In particular, the Company is exposed to credit risk due to:

- sale of high-speed milling systems, numerical controls and related servicing;
- subscription of derivatives;
- deployment of liquidity in banks or other financial institutions.

The Company has different concentrations of credit risk depending on the nature of the activities and the various reference markets. Said credit exposure is mitigated by the fact that it is divided over a large number of counterparts.

The concentration of credit risk is present in the markets of the EU, North America and China. Trade receivables are subject to individual write-downs if there is an objective condition in which these position cannot be recovered either in part or in full. The extent of write-down takes into account an estimate of the recoverable flows and relevant date of collection.

The Company controls and manages credit standing including the risk of the counterpart; these same transactions for the deployment of liquidity and hedging of derivatives have been concluded with leading national and international banks. These are regularly reviewed also in terms of concentration and the rating of the counterparts.

Credit risk: quantitative information

The maximum theoretical exposure to credit risk for Fidia S.p.A. at 31 December 2021 is the carrying amount of the financial assets stated in the Statement of Financial Position, plus the face value of collateral provided as indicated in Note No. 28.

The measurement of credit risk is carried out by means of a process to assess credit standing differentiated by type of customer.

Monitoring of credit risk is carried out frequently through the analysis by expiry of overdue positions.

The credit exposures of the Company widely regard trade receivables; the credit risk resulting from said transactions is mitigated by means of the following instruments:

- letters of credit;
- insurance policies.

Moreover, in order to effectively and efficiently manage credit risk, the Company adopts further risk mitigation instruments pursuant to and in compliance with legislation in force in the various markets where it conducts business.

Positions, if individually significant, are subject to specific write-down; these are either partially or totally non recoverable. The extent of write-down takes into account an estimate of the recoverable flows and relevant date of collection as well as

of charges and expenses for future recovery. In case of receivables not subject to specific write-down, provisions are allocated on a collective basis, considering experience and statistical data.

Hedge Accounting

At 31 December 2021, the Company had outstanding cash flow hedges for interest rate risk only.

Floating-rate loans payable expose the company to the risk of fluctuations in interest flows associated with changes in the market rates to which they are benchmarked.

The Company still has 1 hedging transaction outstanding of the 3 existing at the end of the previous year. Specifically, the transaction relates to a real estate lease contract, which was hedged through the stipulation of an Interest Rate Swap that aims to neutralise the variability of the portion of the interest expense flows corresponding to the base parameter to which it is linked (Euribor rate), thus excluding the credit spread component inherent in the interest charged by the counterparty.

There is an economic relationship between the hedged item (floating-rate lease) and the hedging instrument (IRS). A systematic change of opposite sign between the change in value of the hedged item and the hedging instrument when market interest rates change is expected.

The hedging transaction was designed with the objective of hedging a high portion of the exposure of the underlying lease. With this derivative transaction, the floating-rate liabilities liability is transformed into a fixed-rate financial liability (for the portion of the notional principal covered).

The table below provides a representation of the parent company Fidia SpA's entire exposure to interest rate variability risk, the exposure related to the hedged financial liability, and the total amount hedged (equal to the notional amount of the IRS) as of the balance sheet date and for subsequent years. The table also shows the average interest rate related to hedged liabilities and how it is transformed into a fixed rate as a result of hedging through IRS.

| INTEREST RATE HEDGES | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------------|
| (€thousand) | 2021 | | | | |
| Floating-rate exposures | | | | | |
| Floating-rate loans payable | 3,230 | | | | |
| Floating-rate leases | 4,590 | | | | |
| Total exposure to interest rate risk | 7,820 | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
| Covered exposures | | | | | |
| Hedged exposures (outstanding principal) | 3,256 | 3,063 | 2,861 | 2,647 | 2,422 |
| Average interest rate (floating) | Euribor + 3.82% | Euribor + 3.82% | Euribor + 3.82% | Euribor + 3.82% | Euribor + 3.82% |
| Total hedged amount (notional amount of outstanding derivatives) | 2,815 | 2,629 | 2,436 | 2,235 | 2,028 |
| Average fixed interest rate of (derivative pay leg) | 0.99% | 0.99% | 0.99% | 0.99% | 0.99% |
| Final average effective rate of hedged exposures | 4.81% | 4.81% | 4.81% | 4.81% | 4.81% |

For comparative purposes, the table below shows the exposure at 31 December 2020.

| INTEREST RATE HEDGES | |
|---|--------------|
| (€thousand) | 2020 |
| Floating-rate exposures | |
| Floating-rate loans payable | 3,230 |
| Floating-rate leases | 4,855 |
| Total exposure to interest rate risk | 8,085 |

| | 2020 | 2021 | 2022 | 2023 | 2024 and beyond |
|--|-----------------|-----------------|-----------------|-----------------|------------------------|
| Covered exposures | | | | | |
| Hedged exposures (outstanding principal) | 5,165 | 3,836 | 3,063 | 2,861 | 2,647 |
| Average interest rate (floating) | Euribor + 3.03% | Euribor + 3.03% | Euribor + 3.03% | Euribor + 3.03% | Euribor + 3.03% |
| Total hedged amount (notional amount of outstanding derivatives) | 3,571 | 2,815 | 2,629 | 2,436 | 2,235 |
| Average fixed interest rate of (derivative pay leg) | 0.83% | 0.83% | 0.83% | 0.83% | 0.83% |
| Final average effective rate of hedged exposures | 3.86% | 3.86% | 3.86% | 3.86% | 3.86% |

The main causes of potential ineffectiveness of these hedging relationships have been identified in:

- any mismatch, during the life of the hedging relationship, between the notional amount and the contractual characteristics of the hedging derivatives and those of the underlying liabilities (e.g., due to partial early repayment or renegotiation of liabilities, partial unwinding of the derivative or other)
- changes in the creditworthiness of the counterparty to the hedging instrument (measured on the basis of publicly available information) or changes in the credit risk of the hedged item, such that they outweigh the changes in value resulting from the economic relationship being hedged and due to changes in market interest rates (dominant effect of credit risk).

A qualitative and quantitative review of the effectiveness of hedging relationships is scheduled at the date of designation of the hedging relationships and at semi-annual intervals thereafter (when the half-year report and annual report are due).

For the purpose of quantitative verification of the effectiveness of the hedging relationship, the hypothetical hedge method is used.

The following table shows the aggregate information regarding the hedging instruments in place at 31 December 2021 (IRS), i.e.: the notional amount, the carrying amount (fair value), the balance sheet item used to determine the fair value of the derivatives, and any component of change in fair value attributable to the ineffectiveness component.

Hedge accounting - Hedging instruments

| <i>Cash flow hedges</i> (€thousand) | Notional amount of hedging instruments | Carrying amount of hedging derivatives | | balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness |
|--|--|--|-------------|---|---|
| | | Assets | Liabilities | | |
| Interest rate risk | | | | | |
| <i>Interest Rate Swaps</i> | 2,815 | | 157 | other financial assets - other financial liabilities | - |
| Total | 2,815 | | 157 | | - |

For comparative purposes, the table below shows the hedging instruments in place at 31 December 2020.

Hedge accounting - Hedging instruments

| Cash flow hedges (€thousand) | Notional amount of hedging instruments | Carrying amount of hedging derivatives | | balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness |
|---------------------------------|---|---|-------------|---|--|
| | | Assets | Liabilities | | |
| Interest rate risk | | | | | |
| Interest Rate Swaps | 3,571 | | 291 | other financial assets - other financial liabilities | - |
| Total | 3,571 | | 291 | | - |

The following table provides aggregate information on the hedged financial liabilities at 31 December 2021, i.e.: the carrying amount (amortised cost), the balance sheet item used to recognise the liabilities in question, any fair value change component attributable to the ineffective component, and the cumulative amount in the cash flow hedge reserve (i.e., the effective component of the hedge).

Hedge accounting - hedged items (2021)

| Cash flow hedges (€thousand) | Carrying amount of the hedged items | | balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness | Cash Flow Hedge reserve (*) |
|---------------------------------|--|--------------|--|--|-----------------------------------|
| | Assets | Liabilities | | | |
| Interest rate risk | | | | | |
| Floating-rate leases | - | 3,256 | Financial liabilities | - | 153 |
| Total | - | 3,256 | | - | 153 |

(*) The amount of cash flow hedge reserve is expressed before tax effects

For comparative purposes, the table below shows the hedged items in place at 31 December 2020.

Hedge accounting - hedged items (2020)

| Cash flow hedges (€thousand) | Carrying amount of the hedged items | | balance sheet item used for derivatives | Change in fair value used to calculate ineffectiveness | Cash Flow Hedge reserve (*) |
|---------------------------------|--|--------------|--|--|-----------------------------------|
| | Assets | Liabilities | | | |
| Interest rate risk | | | | | |
| Floating-rate loans payable | - | 1,727 | Financial liabilities | - | 0 |
| Floating-rate leases | - | 3,438 | Financial liabilities | - | 286 |
| Total | - | 5,165 | | - | 286 |

(*) The amount of cash flow hedge reserve is expressed before tax effects

Finally, the following table provides summary information on the effects of applying hedge accounting.

Hedge accounting - summary of effects (2021)

| Cash flow hedges (€thousand) | Change in fair value of hedging derivatives in other comprehensive income | Ineffectiveness recognised in profit or loss (*) | Income statement item (which includes ineffectiveness) | Amount reclassified from cash flow hedge reserve to income statement | Income statement item impacted by reclassification |
|---------------------------------|--|---|--|--|--|
| Interest rate risk | | | | | |
| INTESA 2 IRS (**) | - | - | finance expenses and income | - | finance expenses and income |
| INTESA 3 IRS | 133 | - | finance expenses and income | 133 | finance expenses and income |
| BPM IRS (++) | - | - | finance expenses and income | - | finance expenses and income |
| Total | 133 | - | | 133 | |

(*) Also includes the accrued component of the differentials accrued at 31 December of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

(**) Derivatives expired and terminated during 2021

For comparative purposes, the table below shows the effects of hedge accounting on the 2020 financial statements.

Hedge accounting - summary of effects (2020)

| Cash flow hedges (€thousand) | Change in fair value of hedging derivatives in other comprehensive income | Ineffectiveness recognised in profit or loss (*) | Income statement item (which includes ineffectiveness) | Amount reclassified from cash flow hedge reserve to income statement | Income statement item impacted by reclassification |
|---------------------------------|--|---|--|--|--|
| Interest rate risk | | | | | |
| BNL IRS (**) | 1 | - | finance expenses and income | 1 | finance expenses and income |
| INTESA 1 IRS (**) | - | - | finance expenses and income | - | finance expenses and income |
| INTESA 2 IRS | 1 | - | finance expenses and income | 1 | finance expenses and income |
| INTESA 3 IRS | (66) | - | finance expenses and income | - | finance expenses and income |
| BPM IRS | 2 | - | finance expenses and income | 2 | finance expenses and income |
| Total | (62) | - | | 4 | |

(*) Also includes the accrued component of the differentials accrued at 31 December 2020 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

(**) Derivative expired and terminated during 2020

30. FAIR VALUE HIERARCHIES

In relation to financial instruments recognized in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value.

The levels are as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs that are not based on observable market data.

At 31 December 2021, the Company held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €157 thousand, classified within Level 2 of the hierarchical assessment of fair value.

31. INTER-COMPANY AND RELATED PARTIES TRANSACTIONS

With regard to Fidia S.p.A. inter-company relations and relations with related party consist mainly of transactions entered into with companies under direct control. Moreover, the members of the Board of Directors and Auditors and their families are also considered related parties.

These transactions are regulated at market conditions considered normal in their respective markets, taking into account the characteristics of the goods and services.

The impact of these transactions on the individual items in the 2021 financial statements, as already shown in the supplementary schedules of the Statement of Comprehensive Income and Statement of Financial Position as well as in the comment on each item, is summarized in the following tables:

Data by year - 2021

| Counterpart €thousand | Raw materials and consumables | Other operating costs | Personnel expenses | Finance expenses | Revenues | Other operating revenue | Finance revenue |
|--|-------------------------------------|-----------------------------|-----------------------|---------------------|---------------|-------------------------------|--------------------|
| Fidia GmbH | 22 | 42 | | | 2,800 | 185 | |
| Fidia Sarl | | | | | 277 | 40 | |
| Fidia Iberica S.A. | | 8 | | | 280 | 65 | |
| Fidia Co. | 8 | 4 | | | 2,928 | 137 | |
| Fidia do Brasil Ltda | | 29 | | | 28 | 18 | 4 |
| Beijing Fidia Machinery & E. Co. Ltd. | 70 | 416 | | | 478 | 60 | |
| Shenyang Fidia NC&M Co. Ltd. | | | | | | | |
| OOO Fidia | | | | | | | |
| Total Group companies | 99 | 498 | | | 6,791 | 505 | 4 |
| Other related parties (associates) | | | | | | | |
| Other related parties (Giuseppe and Luca Morfino) | 7 | | 12 | | | | |
| Compensation Board of Directors | | | 60 | | | | |
| Compensation Board of Statutory Auditors | | 71 | | | | | |
| Total other related parties | 7 | 71 | 72 | | | | |
| Total Group companies and other related parties | 106 | 569 | 72 | | 6,791 | 505 | 4 |
| Total item | 546 | 5,182 | 5,329 | 315 | 14,471 | 1,337 | 13 |
| As % of balance sheet item | 2% | 11% | 1% | 0% | 47% | 38% | 29% |

Data by year - 2020

| Counterpart €thousand | Raw materials and | Other operating | Personnel expenses | Finance expenses | Revenues | Other operating | Finance revenue |
|--------------------------|----------------------|--------------------|-----------------------|---------------------|----------|--------------------|--------------------|
|--------------------------|----------------------|--------------------|-----------------------|---------------------|----------|--------------------|--------------------|

| | consumables | costs | | | revenue | |
|--|--------------|--------------|--------------|------------|---------------|--------------|
| Fidia GmbH | 0 | 12 | | 7 | 603 | 201 |
| Fidia Sarl | | | | | 144 | 42 |
| Fidia Iberica S.A. | | 23 | | | 265 | 67 |
| Fidia Co. | | 1 | | 40 | 3,709 | 227 |
| Fidia do Brasil Ltda | | 70 | | | 28 | 34 |
| Beijing Fidias Machinery & E. Co. Ltd. | 2 | 368 | | | 495 | 188 |
| Shenyang Fidias NC&M Co. Ltd. | | 23 | | | | |
| OOO Fidias | | | | | | |
| Total Group companies | 2 | 497 | | 47 | 5,244 | 760 |
| Other related parties (associates) | | | | | | |
| Other related parties (Giuseppe and Luca Morfino) | 4 | 17 | 37 | | | |
| Compensation Board of Directors | | | 203 | | | |
| Compensation Board of Statutory Auditors (*) | | 97 | | | | |
| Total other related parties | 4 | 114 | 240 | | | |
| Total Group companies and other related parties | 6 | 610 | 240 | 47 | 5,244 | 760 |
| Total item | 4,657 | 4,234 | 5,773 | 521 | 11,639 | 1,962 |
| As % of balance sheet item | 0.1% | 14% | 4% | 9% | 45% | 39% |

(*) this value also incorporates the share in the amount of €47 thousand of compensation related to the previous Board of Statutory Auditors that lapsed on 29 April 2020

31 December 2021

| Counterpart €thousand | Receivables receivables | Other current assets | Other current assets assets | Payables receivables | Other payables assets | Liabilities assets assets |
|--|----------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------|---------------------------------|
| Fidia GmbH | 660 | | | 173 | 500 | 341 |
| Fidia Sarl | (13) | | | | | |
| Fidia Iberica S.A. | 98 | | | 20 | | |
| Fidia Co. | 339 | | | 341 | 1,086 | 1,854 |
| Fidia do Brasil Ltda | 846 | | 84 | 360 | | |
| Beijing Fidias Machinery & E. Co. Ltd. | 1,167 | 1,222 | | 5,352 | | |
| Shenyang Fidias NC&M Co. Ltd. | | | | | | |
| OOO Fidias | | | | | | |
| Total Group companies | 3,158 | 1,222 | 84 | 6,245 | 1,586 | 2,195 |
| Other related parties (associates) | | | | 2 | | |
| Other related parties (Giuseppe and Luca Morfino, Carlos Maidagan) | | 2 | | | 5 | |
| Other related parties (Payables to BoD members of Fidias SpA) | | | | | 120 | |
| Other related parties (Payables to Board of Statutory Auditors Fidias S.p.A.) | | | | | 233 | |
| Total other related parties | | 2 | | 2 | 359 | |
| Total Group companies and other related parties | 3,158 | 1,224 | 84 | 6,247 | 1,944 | 2,195 |
| Total item | 6,998 | 2,442 | 84 | 16,814 | 10,504 | 8,630 |
| As % of balance sheet item | 45% | 50% | 100% | 37% | 19% | 25% |

31 December 2020

| Counterpart €thousand | Receivables receivables | Other current assets | Other financial assets assets | Payables receivables | Other payables assets | Financial liabilities assets |
|--|----------------------------|-------------------------|-------------------------------------|-------------------------|-----------------------------|------------------------------------|
| Fidia GmbH | 178 | - | - | 109 | - | 341 |
| Fidia Sarl | 16 | - | - | - | 43 | - |
| Fidia Iberica S.A. | (1) | - | - | 12 | - | - |
| Fidia Co. | 110 | - | - | 303 | 823 | 1,711 |
| Fidia do Brasil Ltda | 818 | - | 120 | 332 | - | - |
| Beijing Fidias Machinery & E. Co. Ltd. | 966 | 1,096 | - | 4,900 | - | - |
| Shenyang Fidias NC&M Co. Ltd. | - | - | - | - | - | - |
| OOO Fidias | - | - | - | - | - | - |
| Total Group companies | 2,086 | 1,096 | 120 | 5,656 | 865 | 2,052 |
| Other related parties (associates) | - | - | - | 2 | - | - |
| Other related parties (Giuseppe and Luca Morfino) | - | 0 | - | - | - | - |
| Other related parties (Payables to BoD members of Fidias SpA) | - | - | - | - | 61 | - |
| Other related parties (Payables to Board of Statutory Auditors Fidias S.p.A.) | - | - | - | - | 153 | - |
| Total other related parties | - | 0 | - | 2 | 214 | - |
| Total Group companies and other related parties | 2,086 | 1,096 | 120 | 5,658 | 1,079 | 2,052 |
| Total item | 3,526 | 2,200 | 120 | 14,444 | 7,591 | 8,522 |
| As % of balance sheet item | 59% | 50% | 100% | 39% | 14% | 25% |

The most significant relations in the period between Fidias S.p.A. and the Group companies were mainly of a commercial nature. The foreign subsidiaries of Fidias deal mostly with the sales and servicing of the Group's products in the relevant markets and for this purpose they purchase from the Parent Company.

The subsidiary Shenyang Fidias NC & M Co. Ltd. manufactures and sells numerical controls and milling systems designed by Fidias for the Chinese market. The strategic components are purchased mainly from the Parent Company at normal market conditions and the remaining parts from local suppliers.

Related parties transactions, as defined by IAS 24, not regarding directly controlled companies concerned:

- salary to Mr. Luca Morfino;
- compensation to the Board of Directors and Board of Auditors.

32. NET FINANCIAL POSITION

In accordance with the provisions of Consob Notice of 28 July 2006 and in compliance with the notice issued by ESMA on 4.03.2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 32-382-1138) having application effective 5 May 2021, we report that the net financial position of Fidia S.p.A. at 31 December 2021 was as follows:

| Financial Position (€thousand) | | 2021 | 2020 |
|--------------------------------|---|---------------|---------------|
| A | Cash | 1,970 | 1,373 |
| B | Cash equivalents | - | - |
| C | Current financial assets | 84 | 120 |
| D=A+B+C | Liquidity | 2,054 | 1,493 |
| E | Current financial debt | 5,956 | 5,819 |
| F | Current portion of non-current financial debt | 2,939 | 2,704 |
| G=E+F | Current financial indebtedness | 8,895 | 8,523 |
| H=G-D | Net current financial indebtedness | 6,841 | 7,029 |
| I | Non-current financial debt | 5,222 | 6,132 |
| J | Debt instruments | - | - |
| K | Non-current trade and other payables | 15,530 | 9,325 |
| L=I+J+K | Non-current financial indebtedness | 20,752 | 15,457 |
| M=H+L | Total financial indebtedness | 27,593 | 22,486 |

33. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2021 the company did not have any non-recurrent significant transactions.

34. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2021 there were no atypical and/or unusual transactions as defined by said Notice, by which atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of non-controlling interests.

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Below follows a breakdown of the fair value for the different categories of assets and liabilities and related economic effects.

FAIR VALUE BY CATEGORY - IFRS 9 - 31 December 2021

| € thousand | Carrying amount at 31 December 2021 | Amortized Cost | FV recognised in equity | FV recognised in profit or loss | IFRS 9 | Fair value at 31 December 2021 |
|-------------------------------|-------------------------------------|----------------|-------------------------|---------------------------------|--------|--------------------------------|
| ASSETS | | | | | | |
| Cash | 1,970 | | | | | 1,970 |
| Total | 1,970 | | | | | 1,970 |
| LIABILITIES | | | | | | |
| Liabilities at amortized cost | 9,099 | 9,099 | | | | 9,099 |
| Hedging derivatives | 158 | | 158 | 0 | | 158 |
| Total | 9,257 | 9,099 | 158 | - | | 9,257 |

NET PROFIT AND LOSS BY CATEGORY - IFRS 9 - 31 December 2021

| € thousand | Net profit and loss | of which interest |
|-------------------------------|---------------------|-------------------|
| ASSETS | | |
| Cash | 1 | 1 |
| Hedging derivatives | 0 | 0 |
| Total | 1 | 1 |
| LIABILITIES | | |
| Liabilities at amortized cost | (272) | (272) |
| Total | (272) | (272) |

36. RECONCILIATION OF TAX RATE

Below are the details of the reconciliation of the theoretical tax rate with the actual tax rate.

| € thousand | Tax base | Taxes | Tax rate % |
|--|----------|-----------|------------|
| Result before taxes | (2,858) | | |
| Theoretical tax | | | 24% |
| Increases of a permanent nature | 398 | (96) | 3% |
| Decreases of a permanent nature | (214) | 51 | - 2% |
| Temporary changes in which no deferred tax assets are recorded | 678 | (163) | 6% |
| Tax loss offsetting and ACE utilisation | | | |
| Actual IRES tax | (1,996) | (208) | 7% |
| Current taxes | | | |
| Deferred tax assets | | 12 | |
| Deferred taxes | | | |
| Taxes prior years | | | |
| Total | | 12 | |

37. DISCLOSURE ON TRANSPARENCY OF PUBLIC GRANTS

Information required by Article 1, paragraph 125, of Law No. 124 of 4 August 2017

Pursuant to the provisions of Article 3-quater of Decree Law 135/2019 for grants received, please refer to the indications contained in the National Register of State Aid, Transparency section, which provides the overall picture of grants made by public entities.

With reference to grants, and based on the interpretation of Assonime Circular 5/2020, they do not fall under the scope of Law 124/2017:

- the sums received as consideration for public works, services and supplies
- paid assignments that are part of the typical exercise of the company's activity
- the forms of incentive/subsidy received in application of a general aid scheme to all eligible persons
- public resources traceable to public entities in other countries (European or non-European) and to European institutions
- training contributions received from inter-professional funds set up in the legal form of associations.

Grants are identified on an accrual basis; as stipulated in the rule, grants of less than €10 thousand per disbursing party are excluded.

38. SUBSEQUENT EVENTS

With reference to significant events after year end, please refer to the special section " Significant events after year end and business outlook" contained in the Director's Report.

39. PROPOSED ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

We propose that you approve the Financial Statements at 31 December 2021 and carry forward the loss for the period, amounting to **€2,857,652.82**.

Annexes

The annexes comprise additional information compared to the Notes, which these are an integral part of.

This information is comprised in the following annexes:

- list of investments with further information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006);
- summary of main data of the last financial statements of the subsidiaries and associates (article 2429 of the Italian Civil Code) at 31 December 2021;
- information as per article 149/XII of the Consob Regulation on Issuers.

San Mauro Torinese, 27 October 2022
On behalf of the Board of Directors
The Chairman and CEO
Mr. Giuseppe Morfino



Annexes

Fidia S.p.A. - FINANCIAL STATEMENTS AT 31 DECEMBER 2021

List of investments with additional information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006)

| | Share capital | Shareholders' equity | Profit (loss) at 31/12/2021 | Profit (loss) at 31/12/2020 | % held | Portion of carrying amount of the shareholders' equity for the period | Net value of balance sheet | Difference between equity for the period and carrying amount |
|--|------------------|-------------------------|--------------------------------|--------------------------------|-----------|---|----------------------------------|--|
| SUBSIDIARIES | | | | | | | | |
| Fidia Gmbh – Germany Robert-Bosch-Strasse, 18 - 63303 Dreieich (Germany) | 520,000 | 1,384,340 | 311,306 | (61,413) | 100.00% | 1,384,340 | 1,136,952 | 247,388 |
| Fidia Co. (*) - United States 3098 Research Drive - 48309 Rochester Hills (Michigan - United States) | 353,170 | 7,048,345 | 79,820 | (192,916) | 100.00% | 7,048,345 | 3,465,754 | 3,582,590 |
| Fidia Iberica S.A. – Spain Parque Tecnológico de Zamudio - Edificio 208 - 48170 Zamudio (Bilbao) | 180,300 | 167,900 | (51,353) | (99,522) | 99.993% | 167,888 | 171,440 | (3,552) |
| Fidia S.a.r.l. - France 47 bis, Avenue de l'Europe - 77184 Emerainville (France) | 300,000 | 286,829 | 26,196 | (118,443) | 93.19% | 267,296 | 221,434 | 45,862 |
| Beijing Fidias Machinery & Electronics Co. Ltd. (*) - China Room 106, Building C, No. 18 South Xihuan Road - Beijing Development Area - 100176 Beijing (PRC) | 1,781,100 | 4,125,940 | (440,769) | (163,308) | 100.00% | 4,125,940 | 1,637,652 | 2,488,288 |
| Fidia Do Brasil Ltda (*) – Brazil Av. Salim Farah Maluf, 4236 - 3° andar Mooca Sao Paulo - CEP 03194-010 (Brazil) | 63,656 | (374,496) | (44,465) | (170,266) | 99.75% | (373,560) | - | (373,560) |
| Shenyang Fidias NC & Machine Company Limited (*) - China n.1, 17A, Kaifa Road - Shenyang Economic & Technological Development Zone - 110142 Shenyang (PRC) | 5,909.579 | 675.593 | (636.582) | (487.063) | 51.00% | 344.533 | - | 344.533 |
| OOO Fidias (*) - Russia ul. Prospekt Mira 52, building 3, 129110 Moscow (Russia - Russian Federation) | 42.201 | - | - | - | 100.00% | - | - | - |
| ASSOCIATES | | | | | | | | |
| Consorzio Prometec – Italy Via Al Castello n. 18/A - Rivoli (Turin) | 10.329 | 10.329 | - | - | 20.00% | 2.066 | 2.066 | - |

(*) The amounts were translated into EUR at the exchange rates at 31/12/2021 and 31/12/2020.

Fidia S.p.A. - FINANCIAL STATEMENTS AT 31 DECEMBER 2021

Summary overview of the essential data of the last financial statements of the companies

SUBSIDIARIES AND ASSOCIATES (Article 2429 of the Civil Code)

| Subsidiaries | Fidia GmbH | Fidia Co. | Fidia S.a.r.l. | Fidia Iberica S.A. | Fidia do Brasil Ltda |
|--|------------------|-------------------|----------------|--------------------|----------------------|
| Accounting currency | EUR | USD | EUR | EUR | REALS |
| Period of reference of balance-sheet information | 31/12/21 | 31/12/21 | 31/12/21 | 31/12/21 | 31/12/21 |
| Inclusion in scope of consolidation (line by line) | YES | YES | YES | YES | YES |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| - Property, plant and equipment | 223,993 | 1,282,818 | 45,193 | 143,456 | 26,797 |
| - Intangible assets | 1 | 12,373 | - | 77 | 794 |
| - Equity Investments | 22,867 | - | - | 3,366 | - |
| - Other non-current financial assets | - | - | - | - | - |
| - Pre-paid tax assets | 440,024 | 89,444 | 18,522 | - | 147,343 |
| - Other non-current receivables and assets | - | 1,744 | 7,155 | - | - |
| Total non-current assets | 686,885 | 1,386,379 | 70,869 | 146,899 | 174,935 |
| Current assets | | | | | |
| - Inventory | 785,676 | 3,297,630 | 82,295 | 161,893 | 933,567 |
| - Trade receivables and other current receivables | 1,986,754 | 4,296,699 | 113,820 | 219,588 | 3,781,661 |
| - Other current financial receivables | | | | | |
| - Cash and cash equivalents | 478,988 | 1,525,955 | 458,911 | 174,816 | 189,868 |
| Total current assets | 3,251,418 | 9,120,285 | 655,026 | 556,297 | 4,905,096 |
| Total assets | 3,938,304 | 10,506,664 | 725,896 | 703,196 | 5,080,030 |
| LIABILITIES | | | | | |
| Shareholders' equity | | | | | |
| - Share capital | 520,000 | 400,000 | 300,000 | 180,300 | 399,843 |
| - Other reserves | 553,034 | 7,492,552 | (39,367) | 38,953 | (2,482,371) |
| - Profit (loss) of the period | 311,306 | 90,404 | 26,196 | (51,353) | (280,581) |
| TOTAL SHAREHOLDERS' EQUITY | 1,384,340 | 7,982,956 | 286,829 | 167,900 | (2,363,109) |
| Non-current liabilities | | | | | |
| - Other non-current payables and liabilities | - | - | 62,479 | - | - |
| - Termination benefits | - | - | - | - | - |
| - Deferred tax liabilities | 501,300 | - | - | 18,169 | - |
| - Long-term provisions | - | 34,880 | - | - | - |
| - Other non-current financial liabilities | - | - | - | - | - |
| - Non-current financial liabilities | 130,184 | 1,187,742 | 11,673 | 195,710 | - |
| Total non-current liabilities | 631,483 | 1,222,622 | 74,152 | 213,879 | - |
| Current liabilities | | | | | |
| - Current financial liabilities | 65,286 | - | 177,040 | 38,455 | 714,068 |
| - Trade payables and other current payables | 1,809,918 | 1,196,139 | 174,780 | 276,966 | 6,729,071 |
| - Short-term provisions | 47,278 | 104,947 | 13,093 | 5,995 | - |
| Total current liabilities | 1,922,481 | 1,301,086 | 364,914 | 321,417 | 7,443,139 |
| Total liabilities | 3,938,304 | 10,506,663 | 725,896 | 703,196 | 5,080,030 |

| Subsidiaries | Fidia GmbH | Fidia Co. | Fidia S.a.r.l. | Fidia Iberica S.A. | Fidia do Brasil Ltda |
|---|------------|-----------|----------------|--------------------|----------------------|
| Accounting currency | EUR | USD | EUR | EUR | REALS |
| INCOME STATEMENT | | | | | |
| - Net sales | 5,262,605 | 7,586,995 | 863,159 | 1,110,331 | 2,060,254 |
| - Other operating revenue | 116,293 | 520,047 | 2,395 | 50,539 | 18,780 |
| Total revenue | 5,378,898 | 8,107,042 | 865,554 | 1,160,869 | 2,079,034 |
| - Changes in inventories of finished goods and work in progress | 146,971 | (155,269) | (34,547) | 11,448 | (22,295) |
| - Raw materials and consumables | 3,358,809 | 3,977,596 | 274,659 | 416,008 | 251,181 |
| - Personnel expenses | 941,460 | 1,781,925 | 265,123 | 528,525 | 845,147 |
| - Other operating costs | 633,711 | 1,832,096 | 210,289 | 213,787 | 1,139,326 |
| - Depreciation, amortisation and write-downs | 102,592 | 202,908 | 53,908 | 66,974 | 120,046 |
| Operating income from ordinary business | 489,296 | 157,248 | 27,028 | (52,977) | (298,960) |
| - Non-recurring income/(expenses) | - | - | - | - | - |
| Operating profit/(loss) | 489,296 | 157,248 | 27,028 | (52,977) | (298,960) |
| - Finance revenue (expenses) | (16,062) | (37,244) | (1,712) | (3,700) | 19,230 |
| EBT | 473,234 | 120,004 | 25,316 | (56,677) | (279,730) |
| Income tax | (161,928) | (29,600) | 880 | 5,324 | (852) |
| Profit/(loss) for the period | 311,306 | 90,404 | 26,196 | (51,353) | (280,581) |

Summary overview of the essential data of the last financial statements of the companies

SUBSIDIARIES AND ASSOCIATES (Article 2429 of the Civil Code) (contd)

| Subsidiaries | Beijing Fidia M.&E. Co Ltd. | Shenyang Fidia NC&M Company Ltd | OOO Fidia | Prometec |
|--|--------------------------------|---------------------------------------|--------------|---------------|
| Accounting currency | RMB | RMB | RUB | EUR |
| Period of reference of | | | | |
| balance-sheet information | 31/12/21 | 31/12/21 | 31/12/21 | 31/12/21 |
| Inclusion in scope of consolidation (line by line) | YES | YES | | |
| ASSETS | | | | |
| Non-current assets | | | | |
| - Property, plant and equipment | 2,574,546 | 3,493 | - | |
| - Intangible assets | - | - | - | |
| - Equity Investments | - | - | - | |
| - Other non-current financial assets | - | - | - | |
| - Pre-paid tax assets | 1,633,640 | 82,597 | - | |
| - Non-current trade and other receivables | - | - | - | |
| Total non-current assets | 4,208,186 | 86,090 | - | - |
| Current assets | | | | |
| - Inventory | 7,765,027 | 8,798,750 | - | |
| - Trade receivables and other current receivables | 40,938,728 | 716,446 | 1,263 | 13,530 |
| - Other current financial receivables | | | | |
| - Cash and cash equivalents | 5,003,686 | 800,253 | 44 | 489 |
| Total current assets | 53,707,441 | 10,315,449 | 1,307 | 14,019 |
| Total assets | 57,915,627 | 10,401,539 | 1,307 | 14,019 |

| Subsidiaries | Beijing Fidia M.&E. Co Ltd. | Shenyang Fidia NC&M Company Ltd | OOO Fidia | Prometec |
|---|-----------------------------|---------------------------------|--------------|---------------|
| Accounting currency | RMB | RMB | RUB | EUR |
| LIABILITIES | | | | |
| Shareholders' equity | | | | |
| - Share capital | 12,814,480 | 42,517,648 | 3,599,790 | 10,329 |
| - Other reserves | 20,041,620 | (33,076,940) | (3,598,483) | |
| - Profit (loss) of the period | (3,171,203) | (4,580,017) | - | |
| TOTAL SHAREHOLDERS' EQUITY | 29,684,897 | 4,860,691 | 1,307 | 10,329 |
| Non-current liabilities | | | | |
| - Other non-current payables and liabilities | - | - | - | - |
| - Termination benefits | - | - | - | - |
| - Deferred tax liabilities | 10,509 | - | - | - |
| - Long-term provisions | - | - | - | - |
| - Non-current financial liabilities | - | - | - | - |
| - Other non-current financial liabilities | - | - | - | - |
| Total non-current liabilities | 10,509 | - | - | - |
| Current liabilities | | | | |
| - Current financial liabilities | 2,661,820 | - | - | - |
| - Trade payables and other current payables | 25,558,400 | 5,540,848 | - | 3,690 |
| - Short-term provisions | - | 0 | - | - |
| Total current liabilities | 28,220,220 | 5,540,848 | - | 3,690 |
| Total liabilities | 57,915,627 | 10,401,539 | 1,307 | 14,019 |
| INCOME STATEMENT | | | | |
| - Net sales | 23,471,150 | 434,962 | - | 1,577 |
| - Other operating revenue | 9,385 | 8,293 | - | - |
| Total revenue | 23,480,535 | 443,255 | - | 1,577 |
| - Changes in inventories of finished goods and work in progress | - | (180,981) | - | - |
| - Raw materials and consumables | 6,057,820 | 1,920,047 | - | - |
| - Personnel expenses | 10,577,041 | 1,896,806 | - | - |
| - Other operating costs | 4,968,106 | 398,889 | - | 1,577 |
| - Depreciation, amortisation and write-downs | 1,503,766 | 584,334 | - | - |
| Operating profit/(loss) | 373,803 | (4,537,803) | - | - |
| - Non-recurring income/(expenses) | - | - | - | - |
| Operating profit/(loss) | 373,803 | (4,537,803) | - | - |
| - Finance revenue (expenses) | (3,335,117) | (33,656) | - | - |
| EBT | (2,961,315) | (4,571,459) | - | - |
| Income tax | (209,888) | (8,559) | - | - |
| Profit/(loss) for the period | (3,171,203) | (4,580,017) | - | - |

FIDIA S.p.A. - Financial Statements at 31 December 2021

Information as per article 149/XII of the Consob Regulation on Issuers

This overview drawn up according to article 149/XII of the Consob Regulation on Issuers shows the compensation accrued in the period 2021 for auditing services and for those other than auditing provided by the Chief Auditor, the entities belonging to his network and by other auditing firms

| | Entity providing the service | Recipient | Compensation accrued in the period 2021 (€thousand) |
|--------------------------------|------------------------------|-------------------------------|---|
| Audit and Attestation Services | Deloitte & Touche S.p.A. | Parent company - Fidia S.p.A. | 53 |
| | Deloitte Network | Subsidiaries | 41 |
| Other services | | | |
| Total | | | 94 |

Certificate pursuant to Article 81-ter of R. E.
Consob

Certification of the financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Giuseppe Morfino in the capacity as Chairman and CEO, and Secondo Dentis, in the capacity as Financial Reporting Officer of Fidia S.p.A. attest, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
 - a. adequacy with respect to the characteristics of the Company and
 - b. effective application of the administrative and accounting procedures for the formation of the financial statements during 2021.

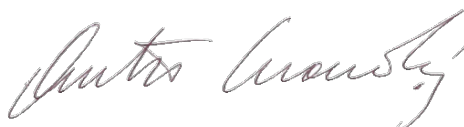
2. It is also attested that:
 - 2.1. The financial statements:
 - a. have been prepared in accordance with the international accounting standards adopted by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b. correspond to the books and accounting records;
 - c. are suitable to give a true and fair view of the financial, economic and equity position of the issuer.
 - 2.2. The Report on Operations includes a reliable analysis of the trends and of the result of operations, as well as of the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

San Mauro Torinese, 27/10/2022

Chairman and CEO
Giuseppe Morfino



Manager in charge of preparing the corporate accounting documents
Secondo Dentis



Report of the Board of Statutory Auditors

FIDIA S.p.A.

Sede legale: Corso Lombardia n. 11 – 10099 San Mauro Torinese (TO)

Capitale sociale: Euro 5.123.000 i.v.

Iscritta al Registro delle Imprese di Torino al n. 05787820017

www.fidia.com

RELAZIONE DEL COLLEGIO SINDACALE

ALL'ASSEMBLEA DEGLI AZIONISTI DI FIDIA S.P.A.

BILANCIO AL 31.12.2021

(Art. 153 del D.lgs. 24 febbraio 1998 n. 58 e Art. 2429, comma 2 cod.civ.)

Signori Azionisti,

il Collegio Sindacale di Fidia S.p.A. (in prosieguo anche la Società), in persona del Dott. Massimo Ceraolo (Presidente), del dott. Giuseppe Chiappero e della dott.ssa Mariarosa Schembari (Sindaci Effettivi), è stato nominato dall'Assemblea degli Azionisti tenutasi in data 29 aprile 2020 per il triennio 2020 - 2022 e rimarrà in carica, conseguentemente, sino alla data dell'Assemblea convocata per l'approvazione del bilancio di esercizio al 31.12.2022. Quali Sindaci supplenti sono stati nominati, in pari data, la dott.ssa Ombretta Cataldi, la dott.ssa Silvia Cornaglia e, in occasione dell'Assemblea tenutasi in data 8 luglio 2022, il dott. Stefano D'Orazio in sostituzione del dott. Francesco Cappello, dimissionario.

Fonti normative e regolamentari

La presente Relazione dell'Organo di controllo, redatta ai sensi dall'articolo 153 del D.lgs. 24 febbraio 1998 n. 58 (Testo Unico della Finanza, in prosieguo T.U.F.), è finalizzata principalmente a garantire un'informativa efficace e trasparente agli Azionisti, al mercato ed alle Autorità di Vigilanza riferendo sull'attività svolta nel corso dell'esercizio chiuso al 31 dicembre 2021, su omissioni e fatti censurabili eventualmente rilevati e formulando - se del caso - proposte in ordine al bilancio, all'approvazione dello stesso ed alle materie di propria competenza attenendosi alle disposizioni Consob in materia di controlli societari,

Fidia S.p.A. – Relazione del Collegio Sindacale al bilancio 2021



alle indicazioni contenute nel Codice di Autodisciplina (divenuto dal 1° gennaio 2021, in seguito alle modifiche adottate dal Comitato per la Corporate Governance, il "Codice di Corporate Governance"), nonché dalle "Norme di comportamento del Collegio Sindacale di Società quotate" (in prosieguo Norme di comportamento) emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (C.N.D.C.E.C.) nel mese di aprile 2018. Con questa Relazione, anche in osservanza alle indicazioni fornite dalla Consob con Comunicazione DEM/1025564 del 6 aprile 2001, come successivamente modificata e integrata e tenuto anche conto dei richiami di attenzione di volta in volta emanati, il Collegio Sindacale dà conto delle attività svolte, distintamente per ciascun oggetto di vigilanza previsto dalle normative che regolano l'attività dell'Organo di controllo.

Inoltre, avendo la Società adottato il modello di governance tradizionale, il Collegio Sindacale - quale organo apicale del complessivo sistema dei controlli societari e, dunque, quale necessario collettore ed interprete dei diversi flussi informativi - si identifica anche nella veste di "Comitato per il controllo interno e la revisione contabile" cui competono ulteriori specifiche funzioni di controllo e di monitoraggio sull'informativa finanziaria e sulla revisione legale previsti dall'art. 19 del D.lgs. 27 gennaio 2010 n. 39, così come modificato dal D.lgs. 17 luglio 2016 n. 135, oltre che dalle Norme di comportamento (norme Q.3.6., Q.3.12., Q.5.3. e Q.5.12), riferendo altresì sulle correlate attività svolte in forza di quanto previsto dal Regolamento (UE) n. 537/2014.

Con l'approvazione del bilancio consolidato e di esercizio al 31 dicembre 2020, approvato dall'Assemblea degli Azionisti in data 8 luglio 2022, è giunto a compimento - per compiuto termine novennale - l'incarico di revisione legale affidato dall'Assemblea degli Azionisti del 27 aprile 2012 alla Ernst & Young S.p.A. (in prosieguo EY S.p.A.).

L'Assemblea degli Azionisti tenutasi in data 29 aprile 2020 ha conferito - ai sensi del T.U.F. e dell'articolo 13 del D.lgs. 39/2010 - l'incarico per la revisione legale dei conti per gli esercizi 2021 - 2029 alla Società di Revisione Deloitte & Touche S.p.A. che, pertanto, ha



Fidia S.p.A. – Relazione del Collegio Sindacale al bilancio 2021

dato inizio alla propria attività di revisione a decorrere dal giorno 8 luglio 2022, data di approvazione del bilancio consolidato e di esercizio chiuso al 31 dicembre 2020.

Le azioni di Fidia S.p.A. sono attualmente quotate nel segmento "Euronext Milan" (EXM) di Borsa Italiana: con decorrenza infatti dal 13 novembre 2020 la Società, in ragione delle circostanze rappresentate in seno al Consiglio di Amministrazione riunitosi in tale data, ha richiesto l'esclusione volontaria delle azioni dal segmento STAR ed il passaggio delle stesse al segmento "Mercato Telematico Azionario" (MTA, dal 25 ottobre 2021 denominato Euronext Milan - EXM) gestito da Borsa Italiana S.p.A., garantendo comunque il rispetto della *best practice* e dei principi di governance previsti dal Codice di Autodisciplina delle società quotate.

Infine Vi comunichiamo che, in accordo con il Codice di Autodisciplina, il Consiglio di Amministrazione è stato nominato dall'Assemblea degli Azionisti del 29 aprile 2020 con scadenza alla data di approvazione del bilancio consolidato e separato dell'esercizio chiuso al 31 dicembre 2022.

A seguito delle dimissioni del Vice Presidente e Amministratore Delegato, il Consiglio di Amministrazione del 28 ottobre 2021 ha nominato per cooptazione, ai sensi dell'art. 2386 cod.civ. un nuovo Consigliere di Amministrazione che ha poi assunto in data 22 gennaio 2022 la funzione di Vice Presidente del Consiglio di Amministrazione a cui, in pari data, sono state altresì conferite deleghe operative.

Il Consiglio di Amministrazione in carica, nel rispetto delle quote di genere, consta di cinque membri dei quali due con deleghe operative, due indipendenti ed altresì membri del Comitato Controllo e Rischi - anche con funzione di Comitato Parti Correlate - e del Comitato Remunerazione ed il terzo, non indipendente, anch'egli membro del Comitato Controllo e Rischi e del Comitato Remunerazione. La Lead Independent Director è rappresentata da una delle amministratrici indipendenti.

L'Organismo di Vigilanza (O.d.V.) è attualmente composto da tre membri esterni.



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Introduzione

Dalla data di omologazione del concordato preventivo in continuità aziendale alla fase di esecuzione del Piano concordatario

Nella Relazione del Collegio Sindacale al bilancio 2020 approvato dall'Assemblea degli Azionisti in data 8 luglio 2022, Vi abbiamo relazionato sulle difficoltà economico-finanziarie della Vostra Società - i cui segnali preliminari già emergevano dai dati del bilancio di esercizio e consolidato al 31 dicembre 2019 - riscontrate a partire dalla data di presentazione della Relazione finanziaria del primo trimestre dell'anno 2020 che evidenziava perdite di periodo oltre il terzo del capitale sociale. Tali perdite hanno evidenziato il verificarsi dei presupposti di cui all'art. 2446 cod.civ. talché la Vostra Società - coerentemente alle indicazioni del Collegio Sindacale ed ai sensi della predetta norma - ha provveduto a convocare senza indugio l'Assemblea degli Azionisti per l'adozione delle deliberazioni inerenti alle fattispecie ivi previste. Tale Assemblea si è tenuta il 31 luglio 2020 ed ha deliberato il rinvio a nuovo della perdita al 31 marzo 2020 ai sensi dell'art. 6 del D.L. 8 aprile 2020 n. 23 (Decreto Liquidità), come convertito nella L. 5 giugno 2020 n. 40. Alla luce dell'ulteriore aggravamento del risultato negativo intermedio semestrale emerso dalla Relazione Finanziaria intermedia al 30 giugno 2020, il Consiglio di Amministrazione, preso atto della necessità di comporre la situazione di crisi di Fidia S.p.A. in un contesto organizzato e protetto, nonché di assicurare la miglior tutela di tutti gli interessi coinvolti e la continuità operativa aziendale, vagliandola tra gli altri strumenti offerti dall'ordinamento quale soluzione migliore nell'interesse dei creditori, ha deliberato in data 13 novembre 2020 la presentazione presso il competente Tribunale di Ivrea della domanda di concordato preventivo con riserva ex articolo 161, comma 6 L.F.

In data 29 settembre 2021, la Società ha quindi presentato la Memoria di deposito del Piano e la Proposta di Concordato Preventivo che ha riscontrato dapprima il giudizio favorevole dell'adunanza dei creditori del 27 aprile 2022, poi il parere favorevole all'omologa rilasciato dal Commissario giudiziale nel parere ex art. 180, comma 2 L.F. e


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quindi l'omologa della procedura di concordato preventivo in continuità da parte del Tribunale di Ivrea, Sezione Fallimentare, avvenuta in camera di consiglio nell'udienza del 22 giugno 2022, il cui decreto è stato poi pubblicato il giorno 24 giugno dando così inizio alla fase esecutiva del concordato preventivo.

Facciamo presente che con l'omologa del concordato preventivo in continuità la Società è stata restituita al suo Organo amministrativo - con recupero della piena capacità di agire e processuale - il quale dovrà operare nel rispetto del Piano con l'obbligo di dare esecuzione a quanto promesso nel Piano concordatario, sia in termini di pagamenti veri e propri, sia in termini di atti a ciò funzionali. Il Tribunale non sarà munito di poteri autorizzativi e il suo ruolo sarà limitato al controllo - tramite il Commissario giudiziale che esercita la sorveglianza dell'esecuzione della proposta concordataria - dell'attività gestoria svolta dagli Amministratori riferendo al Giudice Delegato ogni fatto che possa arrecare pregiudizio ai creditori.

A tale riguardo il Collegio Sindacale, nell'esercitare il proprio controllo sull'esecuzione del Piano concordatario, prende atto che (i) l'articolata operazione di investimento, la cui esecuzione della prima tranche di aumento di capitale sociale, in adempimento agli obblighi concordatari, avrebbe dovuto verificarsi entro 30 giorni dalla definitività del provvedimento di omologa del concordato, non è a tutt'oggi ancora avvenuta a causa, come evidenziato in Nota Integrativa, dei molteplici adempimenti - e correlati soggetti coinvolti - ad esso connessi che hanno dilatato le tempistiche di effettiva attuazione; (ii) la Società ha tuttavia ottenuto in data 21 ottobre 2022 la formale condivisione da parte dell'investitore FAI Negma e dell'ing. Morfino di un cronoprogramma aggiornato in base a cui le delibere assembleari di adozione di provvedimenti strumentali e propedeutici all'implementazione del Piano di cui alla proposta di concordato e correlate modifiche statutarie sono ora previste in data 18 novembre 2022, come da avviso di convocazione, in tempo utile affinché Consob possa procedere agli atti necessari per la quotazione delle azioni di nuova emissione entro la terza settimana del mese di dicembre 2022.

Il Collegio Sindacale, ad opportuna evidenza dei ritardi accumulati rispetto a quelli indicati nel Piano concordatario, ha chiesto alla Società di illustrarne le motivazioni al Commissario giudiziale, richiedendo altresì che l'operazione, a seguito di formale accettazione e sottoscrizione del cronoprogramma definitivo da parte degli investitori e dell'ing. Morfino, fosse sostenuta da ragionevoli aspettative di attuazione nei tempi prospettati, sebbene più lunghi.

Andamento economico

L'anno 2021 è stato ancora fortemente caratterizzato dalla diffusione della pandemia Covid-19 che ha influito significativamente sull'intero complesso economico mondiale sia in termini di restrizioni per il contenimento dei suoi effetti che di aumento dell'incertezza circa le prospettive di sviluppo e le interruzioni delle catene di approvvigionamento.

Da quanto ci consta, Fidia S.p.A. ha messo in atto le misure volte alla prevenzione della diffusione del virus Covid-19 ed alla salvaguardia della salute e sicurezza dei propri lavoratori.

Gli effetti delle incertezze e del rallentamento dello scenario economico mondiale si sono riflessi significativamente anche sul Gruppo Fidia, pur riscontrandosi nell'esercizio 2021 un rimarchevole incremento complessivo dei ricavi per vendite (aumentate del 24,3% rispetto al precedente esercizio) e un risultato economico che ha fatto registrare nell'anno in rassegna una perdita di euro 2.858 milioni, più contenuta rispetto a quella conseguita nel 2020 (euro 9.574 milioni).

Come anzi descritto, il Piano concordatario è fondato sulla continuità diretta dell'attività aziendale ed in ottica valutativa tale prospettiva è confermata anche dalle previsioni economiche, reddituali e finanziarie di Fidia S.p.A. e dell'intero Gruppo fino al 2025 contenute nel Piano industriale 2022-2025 approvato dal Consiglio di Amministrazione in data 30 settembre 2022.

Il Collegio Sindacale tuttavia ha raccomandato che gli Amministratori, oltre al costante e rigoroso monitoraggio mensile tramite l'analisi dettagliata degli scostamenti economici,

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patrimoniali e finanziari del Piano, procedessero anche alla periodica valutazione in termini di aggiornamento delle *assumptions* in esso contenute onde apportare tempestivamente tutte le correzioni che dovessero risultare necessarie al fine di mantenere la sussistenza del principio della continuità aziendale, oltre che ad apportare, qualora occorressero, tutti gli aggiustamenti necessari a seguito del clima di instabilità recentemente generato dal conflitto tra la Federazione Russa e l'Ucraina con ricadute sull'intero panorama economico mondiale.


In tale contesto, si dà atto che gli Amministratori - anche su impulso del Collegio Sindacale - hanno proceduto all'analisi del forecast economico consolidato per l'anno 2022 con focus sul budget commesse e collegata previsione dei flussi di cassa (con orizzonte dicembre 2023) evidenziando e motivando gli eventuali scostamenti dal Piano Industriale. Il Collegio rileva che in merito alle previsioni economiche e finanziarie per l'anno in rassegna gli Amministratori non hanno evidenziato, sino ad oggi, andamenti in sostanziale contrasto con gli obiettivi del Piano Industriale.

1. Considerazioni sul bilancio 2021 e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e sulla loro conformità alla legge e all'atto costitutivo

Il bilancio consolidato e separato di Fidia S.p.A. è stato redatto in base ai principi contabili internazionali IAS/IFRS emessi dall'International Accounting Standards Board (IASB), omologati dall'Unione Europea, nonché conformemente ai provvedimenti emanati in attuazione dell'art. 9 del D.lgs. 38/2005.

Nella Relazione degli Amministratori sulla gestione sono riepilogati i principali rischi e incertezze e si dà conto dell'evoluzione prevedibile della gestione.

Il bilancio della Società è costituito dalla Situazione Patrimoniale e Finanziaria, dal Conto Economico, dal Conto Economico Complessivo, dal Prospetto delle variazioni del Patrimonio netto, dal Rendiconto Finanziario e dalle Note esplicative ed è corredata dalla Relazione



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degli Amministratori sulla gestione e dalla Relazione sul governo societario e gli assetti proprietari, quest'ultima predisposta ai sensi dell'articolo 123 bis del T.U.F.

Il Collegio Sindacale ha esaminato il fascicolo di bilancio consolidato e separato al 31 dicembre 2021 della capogruppo Fidia S.p.A. redatti dal Consiglio di Amministrazione ai sensi di legge e da questo comunicato all'Organo di controllo nel corso della riunione consiliare del 30 settembre 2022 in cui è stato approvato dagli Amministratori. Il Collegio ha altresì preso atto delle modifiche di informativa apportate al suddetto fascicolo - conseguenti allo slittamento dei tempi di esecuzione dell'investimento - approvate nella seduta del Consiglio di Amministrazione del 27 ottobre 2022.

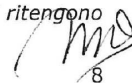
Fidia S.p.A., in conformità a quanto previsto dall'articolo 2, comma 1 del D.lgs. 254/2016, non ha predisposto la dichiarazione consolidata di carattere non finanziario per limiti dimensionali e non ha altresì aderito su base volontaria a tale adempimento.

In particolare, il bilancio consolidato evidenzia una perdita d'esercizio pari a euro 3.496 migliaia (di cui euro 3.202 migliaia di competenza del Gruppo), mentre il bilancio separato evidenzia una perdita di euro 2.858 migliaia che porta ad un patrimonio netto negativo di euro 8.505 migliaia.

La perdita dell'esercizio 2021 della capogruppo ha determinato un'ulteriore riduzione, rispetto al precedente esercizio, del capitale sociale al di sotto del minimo stabilito dall'articolo 2327 cod.civ. configurando in capo alla stessa la fattispecie di cui all'art. 2447 cod.civ.

Al riguardo, il Collegio Sindacale evidenzia che gli Amministratori dovranno senza indugio assumere gli opportuni provvedimenti previsti dalla legge essendo venuta meno con l'avvenuta omologa della procedura di concordato preventivo in continuità la sospensione di cui all'art. 182-sexies L.F.

Tanto premesso, gli Amministratori - come riportato nella Relazione sulla gestione - *"provvederanno ad assumere le opportune azioni nell'ambito dell'assemblea convocata per l'approvazione del bilancio d'esercizio al 31 dicembre 2021. Gli Amministratori ritengono*



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inoltre che, sulla base dei benefici oggi già evidenziatisi a seguito dell'omologa del concordato preventivo con lo stralcio dei debiti ammessi alla procedura concorsuale, tali perdite verranno immediatamente ed integralmente riassorbite con ripristino dell'equilibrio patrimoniale".

A supporto di quanto sopra, il Collegio Sindacale ha richiesto che gli Amministratori approvino una situazione patrimoniale aggiornata al 31 luglio 2022 da cui si possa evincere che, dopo avere recepito gli effetti contabili del cosiddetto "bonus concordatario", la consistenza patrimoniale di Fidia S.p.A. si mantenesse al di sopra delle soglie previste dagli artt. 2446 e 2447 cod.civ. Il Collegio Sindacale ha altresì richiesto alla Società di predisporre, ai fini della relativa condivisione ed approvazione in sede consiliare, un cash plan onde verificare la sostenibilità delle obbligazioni assunte almeno nei dodici mesi successivi.

Nella Relazione sulla Gestione, in particolare nel capitolo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione", riportato altresì in Nota Integrativa, gli Amministratori Vi hanno illustrato i principali motivi della perdita dell'esercizio 2021 e di quelli che, già in corso di esercizio - una volta verificato il permanere dello stato di crisi dell'azienda - hanno indotto l'Organo amministrativo a deliberare la presentazione della domanda di concordato preventivo con riserva ex articolo 161, comma 6 L.F. al fine di prevenire l'aggravamento della crisi e, conseguentemente, di tutelare il patrimonio sociale, poi approvato con il decreto di omologa del 22 giugno 2022.

Il Collegio Sindacale ha vigilato sulle operazioni di maggiore rilievo economico, finanziario e patrimoniale effettuate nel corso dell'esercizio 2021 e sulla loro conformità alla legge ed allo Statuto sociale delle quali sia venuto a conoscenza.

Vi diamo quindi atto che il Collegio Sindacale ha provveduto all'acquisizione della documentazione e delle informazioni utili a pianificare la propria attività che ha riguardato in particolare:

a) la vigilanza su:



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- i. la conformità delle delibere assunte dagli organi societari alla legge, alle disposizioni regolamentari ed allo Statuto sociale;
 - ii. ai sensi dell'art. 149, comma 1, lettera c-bis del T.U.F., le modalità di concreta attuazione del Codice di Autodisciplina delle società quotate cui Fidia S.p.A. aderisce;
 - iii. l'osservanza degli obblighi in materia di informazioni privilegiate ed Internal Dealing, segnalando che la Società ha adottato specifiche procedure sia in materia di Internal Dealing che in materia di informazioni riservate e privilegiate con delibera assunta dal Consiglio di Amministrazione in data 30 giugno 2021, nonché in materia di operazioni con parti correlate - nel rispetto del nuovo Regolamento Consob n. 21624 del 10 dicembre 2020 - con deliberazione assunta dal Consiglio di Amministrazione in data 29 settembre 2021;
 - iv. il funzionamento del processo di informazione societaria, verificando l'osservanza delle norme di legge e regolamentari inerenti alla formazione ed all'impostazione degli schemi di bilancio consolidato e separato, nonché dei relativi documenti a corredo, a tal fine esaminando altresì l'attestazione rilasciata dal Dirigente preposto alla redazione dei documenti contabili e societari;
- b) l'accertamento:
- i. del rispetto della disciplina sullo svolgimento delle riunioni degli organi sociali e l'adempimento dell'obbligo informativo periodico da parte degli organi delegati in merito all'esercizio delle deleghe conferite;
 - ii. del rispetto dell'indipendenza dell'Organo di controllo che, anche nell'esercizio successivo a quello di riferimento della presente Relazione, ha proceduto all'Autovalutazione dell'indipendenza dei propri componenti - che risulta rispettata - e ha, altresì, provveduto all'Autovalutazione della propria composizione e funzionamento, valutandoli adeguati anche alla luce della differenziazione di genere, esperienze e competenze al proprio interno, tali da assicurare l'efficacia

funzionamento dell'Organo nel continuo (in conformità a quanto previsto dalla Norma Q.1.1. delle Norme di comportamento);

- c) il monitoraggio delle concrete modalità di attuazione delle regole di governo societario previste dal Codice di Autodisciplina, a tal fine esaminando altresì la Relazione annuale sul governo societario e gli assetti proprietari ex art. 123-bis del T.U.F.;
- d) la presa d'atto del rilascio da parte del Comitato Remunerazione della propria Relazione sulla politica in materia di remunerazione e sui compensi corrisposti, ai sensi dell'art. 123 ter del T.U.F. e dell'art. 84 quater del Regolamento emittenti Consob, avvenuto in data 6 maggio 2022 in sede del Consiglio di Amministrazione tenutosi in tale data.

In merito a quanto sopra il Collegio Sindacale osserva e riferisce:

- che le convocazioni dei Consigli di Amministrazione tenutisi nell'anno oggetto di analisi in molteplici occasioni non sono state inviate nel rispetto dei tempi ordinari previsti dallo Statuto, essendosi fatto eccessivo ricorso al più breve termine, consentito solo per casi di particolare urgenza;
- conseguentemente a quanto anzi indicato, che i flussi informativi inerenti le materie oggetto di disamina consiliare - tanto nei confronti dei Consiglieri che del Collegio Sindacale - sono stati carenti in termini di tempistica utile a garantire l'adeguata preparazione sui temi oggetto di disamina, del che a parere del Collegio sono necessarie immediate quanto profonde azioni correttive tendenti ad una più tempestiva ed esaustiva condivisione dell'informativa generale e pre-consiliare da parte degli Organi delegati;
- allo stato attuale, la carenza dei flussi informativi non consente altresì all'Organo amministrativo di valutare l'adeguatezza del sistema organizzativo, amministrativo e contabile della Società "sulla base delle informazioni ricevute" e "sulla base delle relazioni degli organi delegati", come richiesto dall'art. 2381 cod.civ., benché il Presidente, nelle sedute del 14 ottobre 2022 e del 27 ottobre 2022 in cui il tema era stato posto all'ordine del giorno su richiesta del Collegio Sindacale, abbia sottolineato


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che il sistema organizzativo, pur severamente sollecitato dalle attuali contingenze, si è comunque rivelato tale da far fronte agli ingenti adempimenti che hanno caratterizzato l'intera procedura di concordato e la sua fase esecutiva conseguente l'avvenuta omologa;

- la necessità che la Società si doti di un Regolamento di funzionamento delle sedute del Consiglio di Amministrazione e delle relative modalità di verbalizzazione delle stesse;
- che, a tutt'oggi, non vi sono state segnalazioni alla Consob ex art. 149, comma 3 del T.U.F.

Azioni proprie

Il Collegio rileva che al 31 dicembre 2021 (così come al 31 dicembre 2020) la Società deteneva in portafoglio n. 10.000 azioni proprie iscritte in bilancio a euro 46 migliaia; tale valore è superiore al valore calcolato in base alla media dei prezzi di borsa dell'ultimo semestre dell'esercizio, ma tra le voci di Patrimonio Netto permane l'appostazione di una specifica riserva, ad integrale copertura del corrispondente valore.

2. Indicazione dell'eventuale esistenza di operazioni atipiche e/o inusuali, comprese quelle infragruppo

Il Collegio Sindacale non ha riscontrato a partire dal suo insediamento nel corso dell'esercizio 2021 operazioni atipiche e/o inusuali con Società del Gruppo, con terzi o con parti correlate. Nella Relazione sulla Gestione, cui si rimanda per quanto di competenza, gli Amministratori hanno fornito l'informativa circa le operazioni ordinarie infragruppo o poste in essere con parti correlate.

3. Valutazione circa l'adeguatezza delle informazioni rese nella Relazione sulla gestione degli Amministratori in ordine alle operazioni atipiche e/o inusuali comprese quelle infragruppo e con parti correlate

Il Consiglio di Amministrazione, nella seduta del 29 settembre 2021, ha approvato la versione aggiornata della normativa interna in tema di gestione delle operazioni con parti

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correlate recependo le modifiche intervenute in seguito alla delibera Consob n. 21624/2020, entrata in vigore dal 1° luglio 2021.

Si dà atto che la Relazione sulla gestione riporta le informazioni relative alle operazioni con Parti Correlate, ivi comprese le società del Gruppo, e che il Collegio Sindacale - nello svolgimento della propria attività - non ha riscontrato, fra queste, operazioni atipiche e/o inusuali nel corso dell'esercizio 2021 ritenendo adeguata la predetta informativa riportata nelle note di commento al bilancio separato di Fidia S.p.A. e al bilancio consolidato del Gruppo Fidia.

Le operazioni infragrupo sottoposte all'analisi degli organi societari nel 2021, i cui effetti sono riportati in bilancio, risultano essere di natura ordinaria e, per quanto riferitoci dagli Amministratori, sono state regolate applicando normali condizioni determinate secondo parametri standard che rispecchiano l'effettiva fruizione dei servizi oltre che essere state svolte nell'interesse delle società del Gruppo, in quanto finalizzate all'ottimizzazione dell'uso delle risorse.

Abbiamo partecipato, in quanto invitati, alla riunione tenutasi in data 29 giugno 2021 del Comitato Controllo e Rischi, anche nella sua funzione di Comitato Operazioni Parti Correlate, ma non anche a quella tenutasi in data 26 agosto 2021 congiuntamente al Comitato per la Remunerazione, in quanto non convocati.

Abbiamo infine vigilato sull'osservanza della Procedura Operazioni Parti Correlate e sulla correttezza, quanto alla qualificazione delle Parti Correlate, del processo seguito dal Consiglio di Amministrazione e dal competente Comitato.

4. Osservazioni e proposte sui rilevi ed i richiami di informativa contenuti nella Relazione della società di revisione

La società di revisione Deloitte & Touche S.p.A. ha rilasciato, in data 28 ottobre 2022, le relazioni ai sensi dell'art. 14 del D.lgs. n. 39/2010 e dell'art. 10 del Regolamento (UE) n. 537/2014 nelle quali si attesta che il bilancio separato di Fidia S.p.A. ed il bilancio consolidato del Gruppo Fidia al 31 dicembre 2021 forniscono una rappresentazione veritiera

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e corretta della situazione patrimoniale e finanziaria al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards.

In tali documenti la società di revisione ha altresì rilasciato il proprio giudizio (i) sulla conformità al formato XHTML del progetto di bilancio d'esercizio e consolidato secondo quanto disposto dal Regolamento delegato (UE) 2019/815, nonché (ii) sulla conformità alle norme di legge e sulla coerenza con il bilancio di esercizio e consolidato della Relazione sulla gestione e di alcune specifiche informazioni contenute nella Relazione sul governo societario e gli assetti proprietari indicate nell'art. 123 bis comma 4 D.lgs. 58/98.

Nella Relazione sulla revisione contabile del bilancio consolidato, si riporta quanto segue:

- *"A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.lgs. n. 38/05."*

Nella Relazione sulla revisione contabile del bilancio separato si riporta analogo testo.

Inoltre, la Relazione sulla revisione contabile del bilancio di esercizio riporta nel paragrafo "Incertezza significativa relativa alla continuità aziendale" quanto segue:

- *"Richiamiamo l'attenzione sul paragrafo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e sul paragrafo "continuità aziendale" della nota integrativa del bilancio d'esercizio, in cui gli Amministratori illustrano che sussiste un'incertezza significativa circa la capacità di Fidia S.p.A. di continuare ad operare sulla base del presupposto della continuità aziendale. In particolare, gli Amministratori indicano che tale incertezza risulta associata al rischio di mancato perfezionamento delle previsioni contenute nel piano concordatario, ivi inclusi gli aumenti di capitale che risultano necessari per dotare la*

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Società e il Gruppo delle risorse necessarie per finanziarie il previsto fabbisogno finanziario. Gli Amministratori informano peraltro di ritenere che gli slittamenti nel completamento degli adempimenti dell'iter del piano concordatario, dovuti principalmente ai molteplici adempimenti necessari al fine del completamento dell'operazione, non rappresentino elemento ostativo al buon esito dell'operazione e illustrano le motivazioni per cui ritengono che tale iter possa essere ragionevolmente completato entro tempistiche compatibili con l'attuazione del piano concordatario. Pertanto gli Amministratori hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della Società al 31 dicembre 2021. Il nostro giudizio non è espresso con rilievi con riferimento all'aspetto sopra richiamato".

Analogo richiamo di informativa è stato riportato nella Relazione sulla revisione contabile del bilancio consolidato.

Il Collegio Sindacale ha altresì ricevuto in data 28 ottobre 2022 dalla società di revisione la Relazione aggiuntiva per il Comitato per il controllo interno e la revisione contabile sui risultati della revisione legale dei conti redatta ai sensi dell'art. 11 del Regolamento (UE) n. 537/2014 che include, altresì, la dichiarazione relativa all'indipendenza del medesimo revisore legale.

Il Collegio Sindacale provvederà ad informare il Consiglio di Amministrazione della Società sugli esiti della revisione legale, trasmettendo a tal fine la relazione aggiuntiva, corredata da eventuali osservazioni.

5. Indicazioni dell'eventuale presentazione di denunce ex art. 2408 cod.civ., delle eventuali iniziative intraprese e dei relativi esiti

Nel corso dell'esercizio 2021 e sino alla data di redazione della presente Relazione non sono pervenute al Collegio Sindacale denunce ai sensi dell'art. 2408 cod.civ.

6. Indicazione dell'eventuale presentazione di esposti, delle eventuali iniziative intraprese e dei relativi esiti



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Il Collegio Sindacale non ha conoscenza di esposti di cui riferire nella presente Relazione.

7. Indicazione dell'eventuale conferimento di ulteriori incarichi alla società di revisione e dei relativi costi

Nel corso dell'esercizio 2021, come dalla stessa attestato, EY S.p.A. non ha svolto attività ulteriori rispetto alla revisione del bilancio.

8. Indicazione dell'eventuale conferimento di incarichi a soggetti legati alla società incaricata della revisione legale da rapporti continuativi e dei relativi costi

Nel corso dell'esercizio 2021 non sono stati conferiti incarichi a soggetti legati da rapporti continuativi con EY S.p.A. Tenuto conto della richiamata attestazione sulla propria indipendenza che EY S.p.A. ha rilasciato ai sensi dell'art. 17 del D.lgs. n. 39/2010 e considerata, altresì, l'assenza di incarichi ulteriori rispetto a quello di revisione legale (se non quelli, di limitata portata e di modesto importo, superiormente citati al punto 7), il Collegio Sindacale ritiene che non emergano aspetti di criticità in tema di indipendenza della società di revisione.

9. Indicazione dell'esistenza di pareri rilasciati ai sensi di legge nel corso dell'esercizio

Non sono stati rilasciati nel corso dell'anno 2021 pareri da parte del Collegio Sindacale.

10. Indicazione della frequenza e del numero delle riunioni del C.d.A. e del Collegio Sindacale

Nel corso dell'anno 2021, l'attuale Organo di controllo ha assistito al completo da remoto attraverso l'utilizzo di piattaforme informatiche, a tutte le diciotto riunioni del Consiglio di Amministrazione. Non si sono tenute Assemblee degli Azionisti.

Nell'esercizio 2021 il Collegio Sindacale ha svolto venticinque verifiche sindacali incontrandosi cinque volte con la Società di Revisione per lo scambio periodico di


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informazioni ex art. 2409-septies cod.civ. (spesso anche in presenza dell'allora Dirigente Preposto alla redazione dei documenti contabili e societari di cui all'art. 154 bis T.U.F., nonché Vice Direttore Generale e CFO della Società, dott. Antonello Breggia), sei volte con il suddetto dirigente e CFO per l'attività di vigilanza ex art. 149 T.U.F. e problematiche inerenti l'assetto amministrativo e contabile della Società, sette volte con gli Advisor nominati dalla Società per acquisire flussi informativi sulla procedura di concordato, due volte con l'Organismo di Vigilanza, ed una volta rispettivamente, con l'Attestatore, con il Presidente del Consiglio di Amministrazione, con la responsabile alla funzione Internal Audit, con il Comitato Remunerazioni e con il responsabile della contabilità di gestione. Tutte le attività come sopra illustrate sono state oggetto di redazione di verbali trascritti sul libro delle adunanze e delle deliberazioni del Collegio Sindacale e portati a conoscenza dell'intero Consiglio di Amministrazione.

11. Osservazioni sul rispetto dei principi di corretta amministrazione

Il Collegio Sindacale ha acquisito adeguata conoscenza e vigilato, per quanto di propria competenza, sul rispetto dei principi di corretta amministrazione e sull'adeguatezza della struttura amministrativa della Società ai fini del rispetto di tali principi. In particolare, il Collegio ha vigilato sulla conformità alla legge ed allo Statuto sociale delle scelte gestionali operate dagli Amministratori e ha verificato che le relative delibere fossero conformi alla disciplina applicabile, adottate nell'interesse della Società, compatibili con le risorse e il patrimonio aziendale ed adeguatamente supportate da processi analitici ed informativi.

12. Osservazioni sull'adeguatezza della struttura organizzativa

Il Collegio Sindacale ha vigilato, per quanto di propria competenza, sulla struttura organizzativa e sul sistema di controllo interno verificando la corrispondenza di quanto rappresentato nell'organigramma aziendale all'effettiva struttura organizzativa e vigilando sull'esercizio dell'attività decisionale e direttiva della Società da parte dei soggetti ai quali sono stati attribuiti i relativi poteri. Ha altresì preso atto dell'esistenza di direttive e di

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procedure per l'autorizzazione delle operazioni, nonché dell'esistenza di protocolli idonei a render conto dell'operato dei responsabili, appropriati alla dimensione dell'impresa ed alla natura della sua attività.

Il Collegio Sindacale, a seguito dell'intervenuta omologa del concordato in data 22 giugno 2022, ha richiesto che venisse dato da parte degli Amministratori nuovo impulso alla prosecuzione del progetto ERM avviato nell'esercizio 2019 ed al rafforzamento di talune funzioni aziendali, con particolare riferimento a quelle delle aree amministrazione, finanza e controllo di gestione.


13. Osservazioni sull'adeguatezza del sistema di controllo interno, in particolare sull'attività svolta dai preposti al controllo interno, ed evidenziazione di eventuali azioni correttive intraprese e/o di quelle ancora da intraprendere

Nel corso dell'anno 2021 il Collegio Sindacale ha vigilato sul sistema di controllo interno della Società e sull'attività svolta dalla funzione di Internal Audit, interagendo e coordinandosi con il C.C.R. e con l'Organismo di Vigilanza (O.d.V.).

In particolare, il Collegio Sindacale segnala:

- nella sua qualità di Comitato per il Controllo interno e la Revisione contabile, ai sensi del D.lgs. n. 39/2010 di avere periodicamente incontrato la società di revisione ed il Dirigente preposto alla redazione dei documenti contabili societari;
- che nell'anno 2021 la funzione di Internal Audit era assegnata ad una figura esterna in conformità alle indicazioni espresse dal Comitato Controllo e Rischi e di avere effettuato con tale figura un incontro in corso d'anno sull'andamento del Piano di Internal Audit. A tale riguardo il Collegio Sindacale evidenzia che nel corso del 2021 le attività connesse alla funzione di Internal Audit hanno subito un significativo rallentamento quanto a verifiche e correlati report essendo stata l'attenzione del management primariamente rivolta al mantenimento della operatività necessaria alla continuità aziendale piuttosto che all'esecuzione delle procedure previste nel piano di Audit. Non di meno il Collegio Sindacale ha raccomandato che, quanto meno dall'avvenuta omologa concordataria,

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sia avviata la regolare ripresa delle attività di Audit, nonché la predisposizione di un piano aggiornato;

- che in data 23 marzo 2022 la funzione di Internal Audit, a seguito del mancato rinnovo del predetto incarico esterno scaduto il 31 dicembre 2021, è stata affidata *ad interim* ad una risorsa interna aziendale che ricopre contestualmente la qualifica di responsabile "Human Resources & Compliance" e di aver espresso, in merito a tale nomina, perplessità in quanto la scelta, se pur transitoria, è ricaduta su di un soggetto che già ricopre funzioni operative all'interno dell'azienda;
- di avere riscontrato, che il Modello Organizzativo ex D.lgs. 8 giugno 2001 n. 231 (in prosieguo il Modello 231) adottato dalla Società sin dal 14 febbraio 2007, la cui versione attualmente in vigore è stata approvata dal Consiglio di Amministrazione nella seduta del 13 dicembre 2018, dovrebbe essere aggiornato con i nuovi reati presupposto che sono stati via via introdotti dalla normativa, a partire dalla direttiva PIF introdotta dal D.lgs. n. 75 del 14 luglio 2020 entrata in vigore il successivo 30 luglio 2020, recante norme per la *"lotta contro la frode che lede gli interessi finanziari dell'Unione mediante il diritto penale"*;
- di avere rappresentato al Consiglio di Amministrazione la necessità di dotare l'O.d.V. di risorse finanziarie cui poter fare affidamento per l'esecuzione del proprio incarico: tale richiesta ha trovato pieno accoglimento da parte dell'Organo amministrativo;
- in merito al funzionamento ed all'osservanza del Modello, di avere accertato le modalità con cui la Società lo porta a conoscenza dei destinatari e come essa si tuteli sull'efficace applicazione delle sue misure e procedure previste in caso di segnalazioni;
- infine, a seguito delle dimissioni in data 31 marzo 2022 del precedente CFO che ricopriva altresì il ruolo di membro interno dell'O.d.V., di aver sollecitato la sua sostituzione in seno a tale Organo, avvenuta con deliberazione assunta dal Consiglio di Amministrazione nella seduta del 27 maggio 2022.



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Il Collegio, alla luce dell'attività di vigilanza svolta secondo le modalità sopra sintetizzate, per quanto di propria competenza, ritiene che nel corso del 2021 non siano emersi elementi tali da incidere sull'adeguatezza del sistema di controllo interno rispetto alle esigenze di Fidia S.p.A., pur tuttavia ritenendo che esso sia suscettibile di miglioramenti ed implementazioni come anzi indicato.

14. Osservazioni sull'adeguatezza del sistema amministrativo-contabile e sull'affidabilità di questo a rappresentare correttamente i fatti di gestione

Il Collegio Sindacale ha vigilato nell'anno in rassegna sul sistema amministrativo-contabile della Società e sulla sua affidabilità a rappresentare correttamente i fatti di gestione attraverso la raccolta di informazioni oltre che nel corso degli scambi di flussi informativi con la società di revisione attinenti l'adeguatezza del sistema di controllo interno e delle procedure di redazione dei dati contabili, per i quali non ha ricevuto segnalazioni di anomalia da parte del Dirigente preposto e dai responsabili delle funzioni aziendali, nonché attraverso l'esame della documentazione aziendale ricevuta.

Nel precedente esercizio il Collegio Sindacale nell'ambito dell'attività di vigilanza, ha rilevato che gli Amministratori avevano formalizzato le proprie valutazioni sull'adeguatezza dell'assetto amministrativo, organizzativo e contabile, rispetto alla natura e dimensioni dell'impresa, nonché in funzione della rilevazione tempestiva della crisi e della perdita della continuità aziendale. In particolare gli Amministratori in base a tale assetto, integrato nel sistema dei controlli interni e di gestione dei rischi, avevano individuato nel concordato preventivo in continuità ex art. 161 comma 6 L.F. lo strumento idoneo per il superamento della crisi ed il recupero della continuità aziendale, nel cui presupposto il bilancio di Fidia S.p.A. è stato predisposto. Con l'apertura della fase di esecuzione del Piano concordatario, il Collegio Sindacale ha richiesto agli Amministratori di proseguire periodicamente alla valutazione dell'adeguatezza degli assetti organizzativi, amministrativi e contabili formalizzandone debitamente gli esiti in sede consiliare. Il Collegio, in presenza di carenze significative nei flussi informativi pre consiliari e nella tempestiva predisposizione dei dati



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e delle situazioni patrimoniali e contabili, ha raccomandato che, ad avvenuta esecuzione dell'aumento del capitale sociale e conseguente insediamento della nuova *governance*, le stesse fossero colmate al fine di restituire, agli assetti in questione, i livelli di adeguatezza richiesti.

Nella Nota integrativa al bilancio consolidato e separato, paragrafo "Valore recuperabile delle attività non correnti", gli Amministratori hanno dato atto di aver sottoposto ad *Impairment Test* (in prosieguo IT) - in continuità con il bilancio al 31 dicembre 2020 ed in linea con quanto previsto dallo IAS 36 - il valore recuperabile al 31 dicembre 2021 delle Cash Generating Unit (CGU) Gruppo Fidia e Fidia S.p.A. sulla base dei dati contenuti nel Business Plan 2022 - 2025 predisposto dal management della Società. Tale Business Plan, approvato dal Consiglio di Amministrazione del 30 settembre 2022 e coerente con il Piano concordatario di Fidia S.p.A. depositato in data 29 settembre 2021 presso il Tribunale di Ivrea è stato opportunamente rettificato per considerare i dati consuntivi 2021 disponibili alla data, neutralizzando altresì gli effetti derivanti dall'intervenuta omologa del concordato così come previsto dal principio contabile IAS 36, paragrafo 33, lettera b).

L'IT, predisposto come in passato dalla Praxi S.p.A., è stato finalizzato alla verifica dell'esistenza di eventuali perdite di valore delle partecipazioni attraverso il confronto fra il valore contabile "di carico" della Società (il capitale investito netto della Società) e il valore d'uso, ovvero il valore attuale dei flussi finanziari futuri attesi che, si suppone, deriveranno dall'uso continuativo e dalla eventuale dismissione della medesima alla fine della sua vita utile. Il valore d'uso è stato determinato attualizzando i flussi di cassa contenuti nel Business Plan della Società ed avente ad oggetto l'arco temporale 2022-2025, sommati ad un *terminal value* determinato con il criterio dell'attualizzazione della rendita perpetua dei flussi post 2025. Come riferito dagli Amministratori, le assunzioni operate nella previsione dei flussi di cassa nel periodo di proiezione esplicita sono state effettuate su presupposti prudenziali ed utilizzando aspettative future realistiche e realizzabili.



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Oltre agli assunti di base, è stata altresì condotta un'analisi di sensitività della valutazione effettuata con il metodo del DCF (Discounted Cash Flow), volta a verificare la variazione del valore della Società al mutare di alcune variabili critiche, assumendo, in via più che prudentiale, un tasso di crescita pari a 0% ed una variazione del tasso di attualizzazione WACC, pari al 7,91% così assunto sulla base di autorevoli fonti, tra -0,5% e +0,5%, dunque assumendo risultati previsionali differenti alle aspettative riflesse nel piano 2022-2025 e mantenendo inalterati i tassi di sconto.

In esito a quanto sopra, tale *sensitivity* ha evidenziato un valore recuperabile della CGU Gruppo Fidia e Fidia S.p.A. superiore al valore contabile non evidenziando, conseguentemente, alcuna perdita di valore degli attivi iscritti in bilancio al 31 dicembre 2021.

E' stato poi eseguito l'IT su sette società partecipate con un approccio valutativo comune a tutte e basato sulle medesime assunzioni adottate per l'IT del Gruppo e di Fidia S.p.A. Poiché dalle valutazioni effettuate il valore contabile delle singole partecipate è risultato superiore al valore di carico al 31 dicembre 2021, è possibile affermare che l'IT non ha evidenziato ulteriori perdite di valore rispetto a quelle che erano state contabilizzate alla fine dell'esercizio precedente.

In ultimo, si sottolinea che l'IT sulle attività non correnti di Fidia S.p.A. ha rappresentato uno degli aspetti chiave della revisione contabile unitamente al riconoscimento ed alla competenza dei ricavi per la vendita di macchine.

Il Collegio Sindacale pertanto, alla luce delle informazioni acquisite durante l'attività di vigilanza svolta ritiene, per quanto di propria competenza, che il sistema amministrativo-contabile sia stato nell'anno 2021 adeguato ed affidabile, sebbene non sempre tempestivo, ai fini della corretta rappresentazione dei fatti di gestione e non ha ulteriori osservazioni da svolgere al riguardo.

15. Osservazioni sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'art. 114, comma 2 D.lgs. n. 58/1998



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Il Collegio ha vigilato sull'adeguatezza delle disposizioni impartite dalla Società alle proprie controllate ai sensi dell'art. 114, comma 2 del T.U.F. e ritiene che esse siano adeguate ad adempiere agli obblighi di comunicazione previsti dalla legge.

16. Osservazioni sugli eventuali aspetti rilevanti emersi nel corso delle riunioni tenutesi con i revisori ai sensi dell'art. 150, comma 2 del D.lgs. 58/1998

Il Collegio Sindacale ha proseguito nel corso di tutto l'esercizio 2021 gli incontri periodici con EY S.p.A. anche in relazione a quanto disposto dall'art. 150 T.U.F. al fine dello scambio di reciproche informazioni, da cui non sono emersi all'attenzione del Collegio atti o fatti censurabili, né irregolarità che abbiano richiesto la formulazione di specifiche segnalazioni ai sensi dell'art. 155 T.U.F.

Non appena insediato, il Collegio Sindacale ha inoltre analizzato con la nuova Società di revisione Deloitte & Touche S.p.A. il Piano di Audit della Fidia S.p.A. per il bilancio d'esercizio e consolidato al 31 dicembre 2021 e condiviso i focus sui principali rischi e processi aziendali di maggior rilievo. In questa prospettiva particolare attenzione è stata posta alle analisi connesse all'attuazione del Piano concordatario.

In particolare, in conformità a quanto prescritto dall'art. 19 del D.lgs. n. 39/2010, il Collegio Sindacale ha verificato e monitorato l'indipendenza della società di revisione legale, in particolare per quanto concerne la prestazione di servizi suppletivi forniti alla Società, diversi dalle attività di revisione, e nulla ha da segnalare sul tema.

17. Indicazione dell'eventuale adesione della Società al Codice di Autodisciplina del Comitato per la Corporate Governance delle società quotate

La Società aderisce al Codice di Autodisciplina predisposto dal Comitato per la Corporate Governance delle società quotate di Borsa Italiana S.p.A. Il sistema di governance adottato dalla Società risulta descritto nella Relazione sul Governo Societario per l'esercizio 2021 approvata dal Consiglio di Amministrazione in data 30 settembre 2022, a cui si rinvia.



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Il Collegio Sindacale ha vigilato circa le modalità attuative delle regole di governo societario proprie della Vostra Società contenute nel Codice di Corporate Governance, partecipando alle riunioni del Consiglio di Amministrazione e dei Comitati endoconsiliari, nulla segnalando in merito.

18. Valutazioni conclusive in ordine all'attività di vigilanza svolta, nonché in ordine alle eventuali omissioni, fatti censurabili o irregolarità rilevate nel corso della stessa

Nell'ambito dell'attività di vigilanza e controllo svolta nel corso dell'esercizio non sono stati rilevati fatti censurabili, omissioni o irregolarità di rilevanza tale da richiederne la segnalazione nella presente Relazione.

19. Indicazione di eventuali proposte da rappresentare all'Assemblea ai sensi dell'art. 153, comma 2 del D.lgs. 58/98

Il Collegio Sindacale, con riferimento al bilancio d'esercizio della Società, considerate le risultanze dell'attività svolta dalla società di revisione Deloitte & Touche S.p.A. ed il giudizio positivo con richiamo di informativa su un'incertezza significativa sulla continuità aziendale da questa espresso nella propria relazione, preso atto delle attestazioni ai sensi dell'art. 154 bis del T.U.F. rilasciate congiuntamente dall'Amministratore delegato e dal Dirigente preposto alla redazione dei documenti contabili societari non rileva, per quanto di propria competenza, motivi ostativi all'approvazione del bilancio di esercizio al 31 dicembre 2021 di Fidia S.p.A. ed alla proposta di rinvio a nuovo della perdita di esercizio, così come esposta nel progetto di bilancio approvato dall'Organo amministrativo in data 30 settembre 2022 e con modifica di informative in data 27 ottobre 2022.

Ciò nondimeno, Il Collegio Sindacale precisa che la proposta del Consiglio di Amministrazione di rinviare a nuovo la perdita di esercizio, è da collocarsi nella imprescindibile prospettiva che al momento dell'approvazione del bilancio gli Amministratori, sulla base della Relazione finanziaria semestrale al 30 giugno 2022


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anch'essa in approvazione il 18 novembre 2022 - possano dare atto che le perdite accumulate a tale data siano state assorbite dal positivo effetto patrimoniale derivante dallo stralcio contabile dei debiti non più dovuti a seguito del recepimento del beneficio conseguente al decreto di omologazione assunto in data 22 giugno 2022 da parte del Tribunale di Ivrea.

Ulteriormente, il Collegio Sindacale, rinviando a quanto evidenziato dagli Amministratori nella Relazione sulla gestione circa la sussistenza del presupposto della continuità aziendale sulla cui base il bilancio dell'esercizio 2021 è stato predisposto, richiama l'attenzione dei Sigg. Azionisti circa il fatto che la stessa si fonda essenzialmente, e prioritariamente, sui benefici della procedura concordataria, nonché sul rigoroso rispetto delle tempistiche - come recentemente aggiornate - di assolvimento degli impegni assunti da Fidia S.p.A. e dagli investitori nell'ambito del piano concordatario e della correlata manovra finanziaria.

Torino, 28 Ottobre 2022

per il Collegio Sindacale, il Presidente



Dott. Massimo Ceraolo

Report of Independent Auditors

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE
AI SENSI DELL'ART. 14 DEL D.LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10
DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Fidia S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Fidia S.p.A. (la "Società"), costituito dalla situazione patrimoniale e finanziaria al 31 dicembre 2021, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della Società di Revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Incertezza significativa relativa alla continuità aziendale

Richiamiamo l'attenzione sul paragrafo "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e sul paragrafo "continuità aziendale" della nota integrativa del bilancio d'esercizio, in cui gli Amministratori illustrano che sussiste un'incertezza significativa che può far sorgere dubbi significativi circa la capacità di Fidia S.p.A. di continuare ad operare sulla base del presupposto della continuità aziendale.

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In particolare, gli Amministratori indicano che tale incertezza risulta associata al rischio di mancato perfezionamento delle previsioni contenute nel piano concordatario, ivi inclusi gli aumenti di capitale che risultano necessari per dotare la Società e il Gruppo delle risorse necessarie per finanziare il previsto fabbisogno finanziario. Gli Amministratori informano peraltro di ritenere che gli slittamenti nel completamento dell'iter del piano concordatario, dovuti principalmente ai molteplici adempimenti necessari al fine del completamento dell'operazione, non rappresentino elemento ostativo al buon esito della stessa e illustrano le motivazioni per cui ritengono che tale iter possa essere ragionevolmente completato. Pertanto gli Amministratori hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della Società al 31 dicembre 2021.

Il nostro giudizio non è espresso con rilievi con riferimento all'aspetto sopra richiamato.

Le nostre procedure di revisione hanno incluso tra l'altro le seguenti:

- analisi del processo di valutazione degli Amministratori relativamente alla capacità della Società e del Gruppo di far fronte al fabbisogno finanziario e patrimoniale nel prevedibile futuro;
- analisi del fabbisogno finanziario della Società e del Gruppo lungo l'orizzonte temporale oggetto della valutazione sulla continuità aziendale effettuata dagli Amministratori;
- analisi della proposta di concordato preventivo, del relativo piano concordatario e di ulteriore documentazione relativa alla procedura di concordato preventivo;
- lettura critica dei verbali delle Assemblee degli Azionisti, delle riunioni del Consiglio di Amministrazione e del Collegio Sindacale;
- incontri e discussioni con la Direzione e con l'Organo di Controllo sugli elementi rilevanti;
- analisi degli eventi occorsi successivamente alla data di riferimento del bilancio, anche con riferimento all'iter degli aumenti di capitale;
- analisi dell'informativa fornita nelle note illustrative e nella relazione sulla gestione.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Oltre a quanto descritto nella sezione *Incertezza significativa relativa alla continuità aziendale*, abbiamo identificato gli aspetti di seguito descritti come aspetti chiave della revisione da comunicare nella presente relazione.

Recuperabilità delle attività non correnti della Fidia S.p.A.

Descrizione dell'aspetto chiave della revisione

La Società iscrive nel bilancio d'esercizio al 31 dicembre 2021 attività non correnti per Euro 16.963 migliaia, principalmente relative a "Immobili, impianti e macchinari" per Euro 8.153 migliaia, "Immobilizzazioni immateriali" per Euro 1.558 migliaia e "Partecipazioni" per Euro 6.646 migliaia esposte già al netto di un fondo svalutazione di Euro 6.641 migliaia.

Il valore delle attività non correnti della Fidia S.p.A. è stato sottoposto a test di *impairment* nell'ambito della verifica della recuperabilità delle stesse.

I processi e le modalità di valutazione e determinazione del valore recuperabile, in termini di valore d'uso, sono basati su assunzioni complesse che per loro natura implicano il ricorso al giudizio degli Amministratori, in particolare con riferimento alla previsione dei flussi di cassa futuri e alla determinazione dei tassi di crescita di lungo periodo e dei tassi di attualizzazione applicati alle previsioni dei flussi di cassa futuri.

In considerazione della significatività del valore delle attività non correnti, della soggettività delle stime attinenti alla determinazione dei flussi di cassa e delle variabili chiave del modello di *impairment*, la recuperabilità delle attività non correnti è stato ritenuto un aspetto chiave della revisione del bilancio della Società.

Nella sezione "Principi contabili significativi" al paragrafo "Valore recuperabile delle attività non correnti" gli Amministratori riportano l'informativa relativa alla valutazione del capitale investito netto, ivi inclusa una *sensitivity analysis* che illustra gli effetti derivanti da variazioni nelle variabili chiave utilizzate ai fini del test di *impairment*.

Procedure di revisione svolte

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure, anche avvalendoci del supporto di esperti:

- esame preliminare delle modalità usate dalla Direzione, con il supporto di un esperto indipendente, per lo sviluppo dell'*impairment test*;
- comprensione dei controlli rilevanti posti in essere dalla Società sul processo di effettuazione dell'*impairment test*;
- analisi di ragionevolezza delle principali assunzioni adottate per la formulazione delle previsioni dei flussi di cassa anche mediante analisi di dati di settore e ottenimento di informazioni dalla Direzione;
- analisi dei dati consuntivi rispetto ai piani originari ai fini di valutare la natura degli scostamenti e l'attendibilità del processo di predisposizione dei piani;

- valutazione della ragionevolezza del tasso di attualizzazione (WACC) e di crescita di lungo periodo (g-rate);
- verifica della *sensitivity analysis* predisposta dalla Direzione;
- esame dell'adeguatezza e della conformità rispetto a quanto previsto dallo IAS 36 dell'informativa fornita dalla Società sull'*impairment test*.

Riconoscimento e competenza dei ricavi per la vendita di macchine

Descrizione dell'aspetto chiave della revisione La Società iscrive nel bilancio d'esercizio al 31 dicembre 2021 ricavi pari a Euro 14.471 migliaia, di cui Euro 9.887 migliaia relativi alla vendita di macchine, rilevati al momento in cui l'installazione e il collaudo vengono formalmente accettati dall'acquirente.

Le specificità delle condizioni contrattuali per questa tipologia di transazioni rende il processo di riconoscimento dei ricavi articolato in relazione alle diverse modalità di accettazione da parte del cliente e, pertanto, abbiamo considerato il riconoscimento dei ricavi un aspetto chiave della revisione del bilancio della Società.

Nella sezione "Principi contabili significativi" al paragrafo "Riconoscimento dei Ricavi" è riportata l'informativa relativa al criterio di riconoscimento dei ricavi da parte della Società.

| | |
|-------------------------------|---|
| Procedure di revisione svolte | <p>Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure:</p> <ul style="list-style-type: none"> • comprensione del processo adottato dalla Società per il riconoscimento dei ricavi; • comprensione dei principali controlli posti in essere dalla Società a presidio dei rischi di errato stanziamento e verifica, anche con il supporto di esperti di sistemi informativi, dell'operatività degli stessi; • esecuzione di procedure di validità con riferimento ai ricavi contabilizzati in prossimità della data di bilancio, tra cui l'esame della documentazione attestante i requisiti per il riconoscimento dei ricavi nel conto economico dell'esercizio o per il differimento del ricavo e del relativo margine, laddove di competenza dell'esercizio successivo; • esame dell'informativa di bilancio in relazione al riconoscimento dei ricavi. |
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Altri aspetti

Il bilancio d'esercizio della Fidia S.p.A. per l'esercizio chiuso il 31 dicembre 2020 è stato sottoposto a revisione contabile da parte di un altro revisore che, in data 8 giugno 2022, ha espresso un giudizio senza modifica su tale bilancio con un richiamo d'informativa relativo a dubbi significativi sulla continuità aziendale.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'Assemblea degli Azionisti della Fidia S.p.A. ci ha conferito in data 29 aprile 2020 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2021 al 31 dicembre 2029.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio sulla conformità alle disposizioni del Regolamento Delegato (UE) 2019/815

Gli Amministratori della Fidia S.p.A. sono responsabili per l'applicazione delle disposizioni del Regolamento Delegato (UE) 2019/815 della Commissione Europea in materia di norme tecniche di regolamentazione relative alla specificazione del formato elettronico unico di comunicazione (ESEF – *European Single Electronic Format*) (nel seguito "Regolamento Delegato") al bilancio d'esercizio, da includere nella relazione finanziaria annuale.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 700B al fine di esprimere un giudizio sulla conformità del bilancio d'esercizio alle disposizioni del Regolamento Delegato.

A nostro giudizio, il bilancio d'esercizio è stato predisposto nel formato XHTML in conformità alle disposizioni del Regolamento Delegato.

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Fidia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Fidia S.p.A. al 31 dicembre 2021, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, co. 4, del D. Lgs. 58/98, con il bilancio d'esercizio della Fidia S.p.A. al 31 dicembre 2021 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio della Fidia S.p.A. al 31 dicembre 2021 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D. Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Alessandro Puccioni
Socio

Torino, 28 ottobre 2022

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