



FIDIA GROUP
Annual Financial Report
at 31 December 2022

Board of Directors
April 3rd 2023

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Share capital €7,123,000, paid in
Turin Register of Companies
Taxpayer's Code 05787820017
Website: <http://www.fidia.it> <http://www.fidia.com>
email: info@fidia.it

Financial statements prepared by the Board of Directors on April, 3rd 2023

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Governing and Supervisory Bodies

Fidia S.p.A.

Issued and paid-in share capital €7,123,000.00
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>
email: info@fidia.it

Board of Directors

Chairman

Deputy Chairman

Directors

Luigi Maniglio (a) (c)
Roberto Culicchi (a)
Luigino Azzolin (b) (1) (2)
Paola Savarino (b) (1) (2) (3)
Laura Morgagni (b) (1) (2)

(a) Appointed by the Board of Directors on 23 December 2022

(b) Appointed by the General Shareholders' Meeting on 29 April 2020 up to the approval of the 2022 Financial Statements;

(c) The 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

Chairman of the Board of Directors: Mr. Luigi Maniglio.

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.

The Chairman of the Board of Directors: Mr. Luigi Maniglio was given separate authority for 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. 2022

Directors' Report

Summary of results and significant events for the period

The reporting period 2022 recorded revenues of €24,366 thousand, a significant increase compared with €23,837 thousand in the previous period (2.2%).

Despite the modest 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 Covid19 pandemic.

Profitability indicators (specifically EBITDA, EBIT, EBT, and net income) deteriorate significantly from the previous year due to the increase in operating expenses. Specifically, EBITDA went from 1.74% to 10.8% while EBIT went from 10.6% to 23.7%, both compared with value of production.

The Group's consolidated net result was positive and recorded an increase of €9,249 thousand, compared with a loss of €3,496 thousand in 2021.

The result comprises €1,740 thousand of depreciation and amortisation, as the requirements for their suspension pursuant to Decree Law 104/20 are not met.

Value of production also recorded an increase of 2.38% (from €24,034 thousand in 2021 to €24,607 thousand in 2022).

On the commercial front, the Group's total new orders was slightly down compared with 2021 and stood at €6.1 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 2022 showed net debt of €7,413 thousand (net debt of €18,995 thousand at 31 December 2021), mainly due to the change in net working capital and capital assets.

In short, the trends in the 2022 results were as follows:

- EBITDA in the amount of €2,626 thousand (10.7% of value of production) versus €418 thousand in 2021 (1.74% of value of production);
- Consolidated net result in the amount of €5,753 thousand (€5,967 thousand recorded by the Group and a loss of €214 thousand by NCIs) versus a consolidated net result of €3,496 thousand (€3,202 thousand recorded by the Group and a loss of €294 thousand recorded by NCIs) in 2021;
- Capital expenditure: €199 million, of which €146 thousand for the capitalisation of development activities underway;
- Closing order backlog equivalent to €4.8 million versus €13.8 million in 2021.

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:

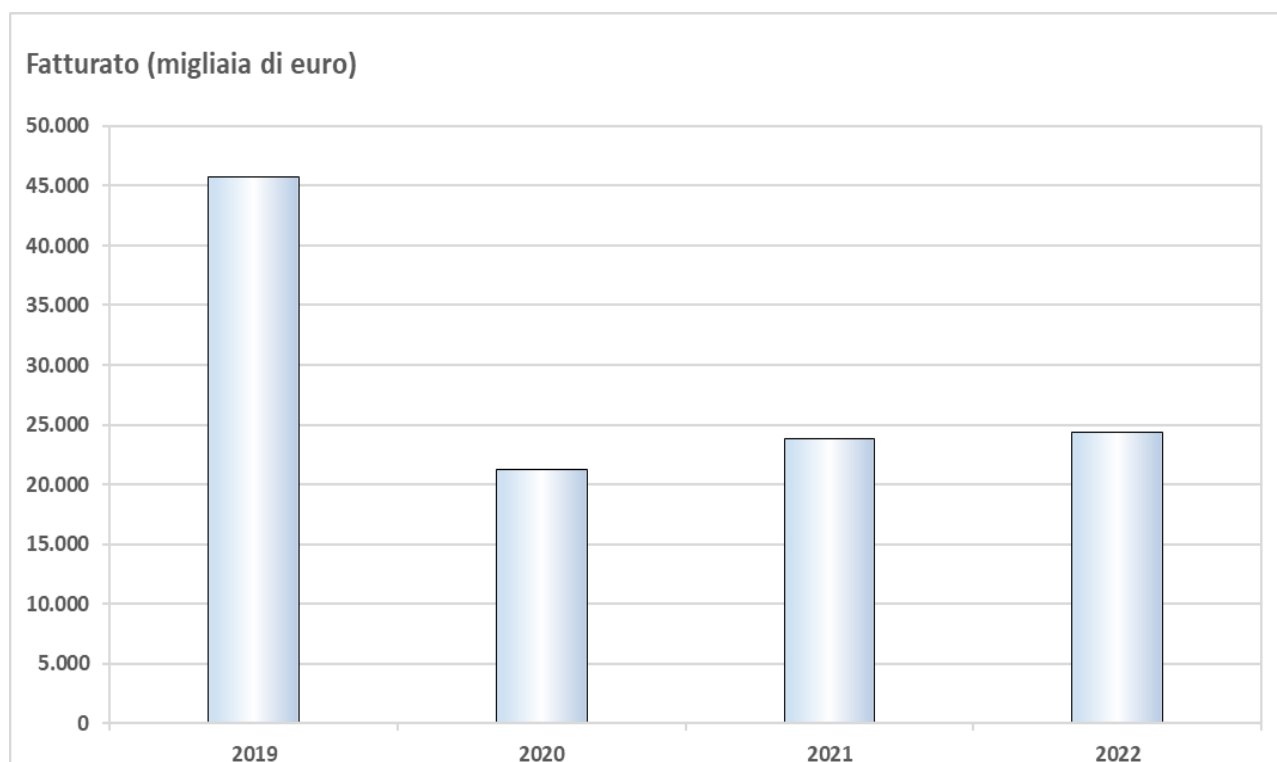
- the suspension of payment of compensation of governing and supervisory bodies;
- the Company found a third financial investor in the market in order to complete recovery;

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 2022 with positive equity of €6,701 thousand, including a profit for the period of €13,263 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 2019-2022 is illustrated in the chart below:



Other main economic and equity data:

(€thousand)	2022	2021
Earnings before tax	5,547	(3,258)
Profit/(loss) of the period	5,753	(3,496)
Attributable to:		
Group	5,967	(3,202)
NCIs	(214)	(294)
Basic earnings per ordinary share	1.1244	(0.626)
Diluted earnings per ordinary share	1.1244	(0.626)
R&D expenditure (€mil)	0	0
Total assets	34,005	40,473
Net financial position - (payables)/receivables	(7,704) (*)	(18,995)
Equity of Group and NCIs	6,349	(1,737)
Equity of Group	5,966	(2,333)
Number of employees at year-end	197	217

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 323821138) 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 for Italy [Fare clic o toccare qui per immettere il testo.](#) and abroad: +390112227111;

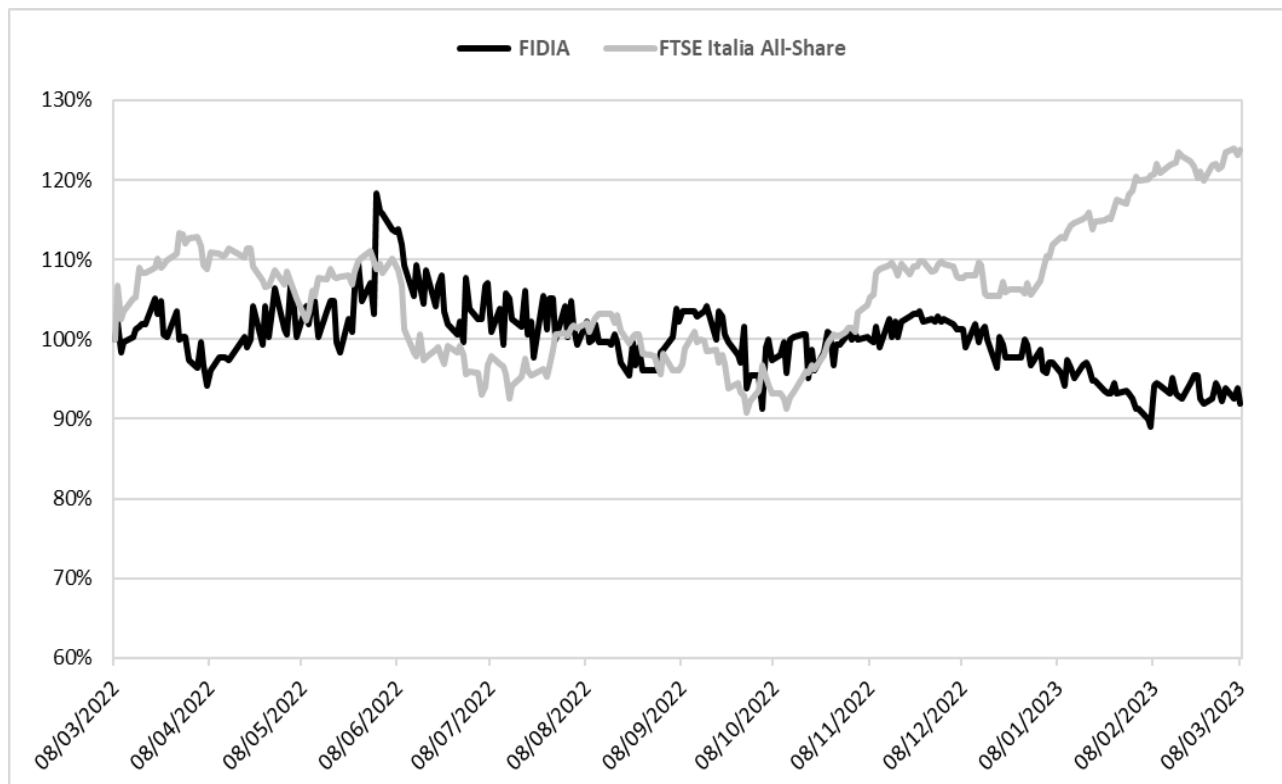
Email: investor.relation@fidia.it;

info@fidia.it

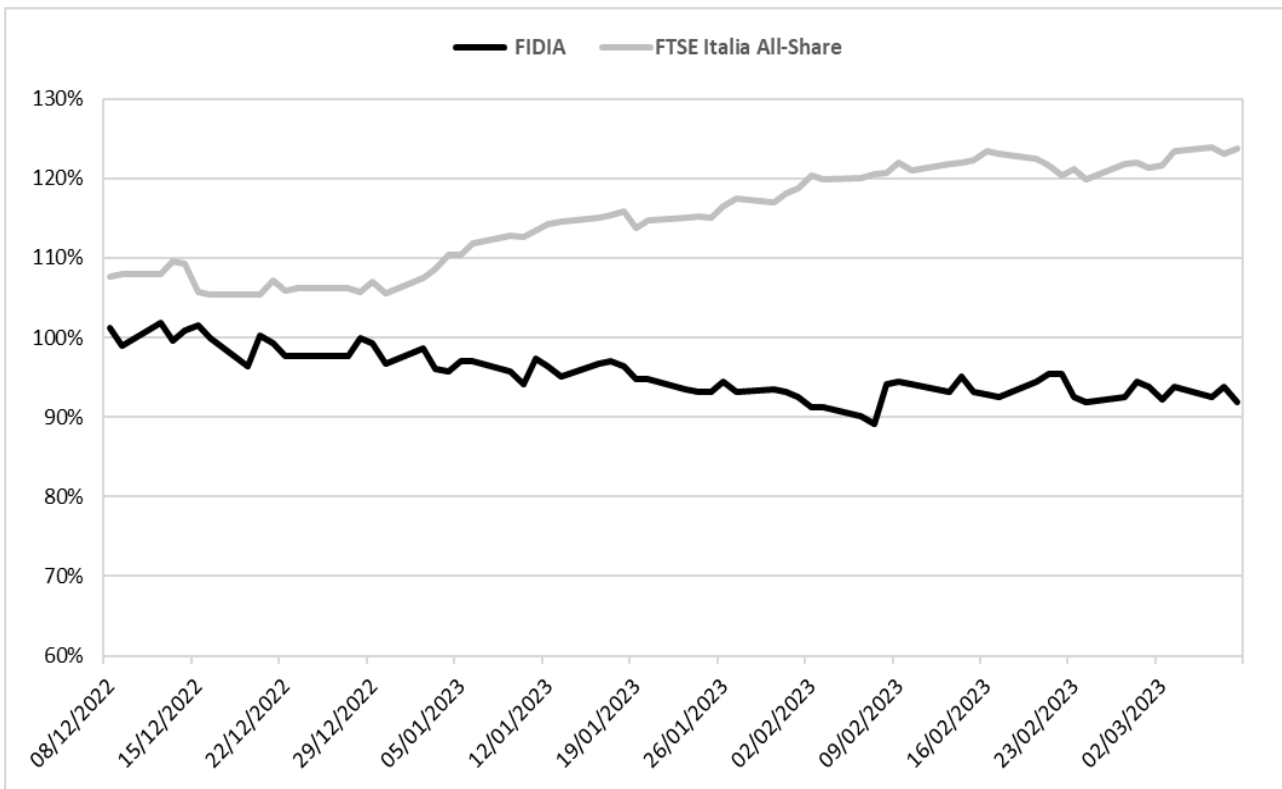
Performance of Fidia stock compared with the FTSE Italia AllShare index

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 share price performance from 8 March 2022 to 8 March 2023 in comparison with the FTSE Italia AllShare. Index.



Below is the share price performance over the past three months (updated at 8 March 2023) in comparison with the FTSE Italia All-Share Index.



Share price performance in the last year (EUR).

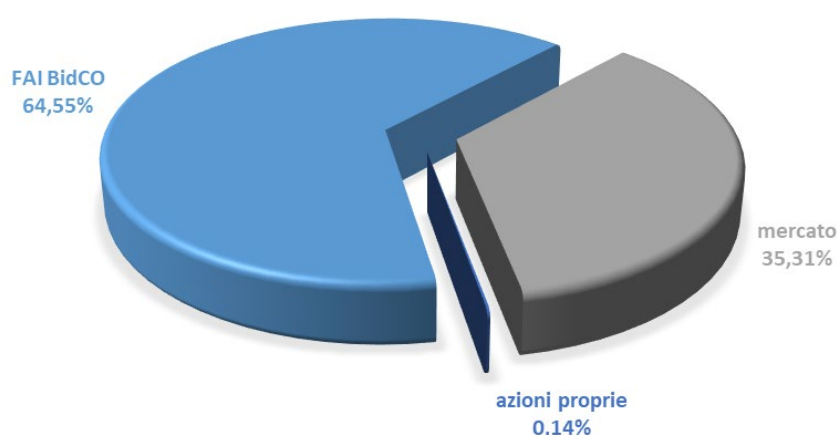


Main shareholders

During 2022, the capital increase reserved for FAIBIDCO UNO SRL now in liquidation was subscribed for a total amount of €2,000,000.00 with the issuance of 1,819,141 ordinary shares, having the same characteristics as the outstanding ordinary shares. As a result of the said transaction, the share capital amounts to a total of €7,123,000.00, divided into 6,942,141 ordinary shares with no indication of par value because by a resolution of the Ordinary and Extraordinary Shareholders' Meeting of 18 November 2022, the par value of these shares was eliminated. The holders of ordinary shares at 8 March 2023 were:

Fai Bidco Uno S.r.l. now in liquidation	4,474,657 or 64.55%;
Market	No. 2,447,484 shares, equal to 35.31%;
Treasury shares	No. 10,000, equal to 0.14%.

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



Main data per share (Euro)	2022	2021
Mean number of shares on date of reference	6,932,141	5,113,000
Face value per share		1.0
Base earnings per ordinary share (1)	1.1244	(0,626)
Diluted earnings per ordinary share (2)	1.1244	(0,626)
Equity of Group per share	0.860	(0,456)

(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) 30.12.2022	(euro) 30.12.2021	(euro) 30.12.2020	(euro) 30.12.2019	(euro) 30.12.2018
Ordinary shares	1.505	1.910	1.450	3.800	3.390

During 2022 and the early months of 2023, 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 0.14% of the capital) with a total value of €45.5 thousand.

Market capitalisation amounted to €10.4 million at 31 December 2022 and €10.17 million at 16 March 2023.

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 with 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 commitments 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 the reporting date 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 continued. COVID-19. 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 20% compared with 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 Covid19 pandemic

As an industrial group operating internationally, the Fidia Group is also exposed to risks associated with possible epidemics and pandemics. The Covid19 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 Covid19 pandemic, and the related restrictive measures implemented by the administrative and health authorities of the various countries to contain it.

The spread of the Covid19 virus has caused widespread concern about the prospects for the global economy. With regard to the events related to the spread of the Covid19 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 with 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.

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 COVID19) 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

Research and Development is one of the pillars of the Fidia Group and has received considerable investment over the years. At present, a team of 21 people is dedicated to R&D activities and receives support from specialised consultants.

The costs incurred by the Group during the reporting period 2022 amounted to approximately €0.786 million, equivalent to about 3.2% of revenue (during 2021, the amount was €0.961 million, equivalent to about 5.6% of revenue), and were mostly borne by the parent company Fidia S.p.A.

Since the R&D activities are mainly carried out with internal resources, the costs almost entirely consist of personnel expenses. The capitalised costs amounted to approximately €145 thousand (€47 thousand in 2021).

Through its R&D activities, the Group is committed to ensuring that its products are constantly adapted to the needs of customers in order to remain at the forefront of technological innovation in the relevant product sector and to enrich its knowledge. This commitment is not only limited to the market sectors considered to be leading and having the greatest potential, but also extends to the discovery of new areas of interest. Thanks to significant investment in research and development in recent years, the Group has been able to consolidate its position in the aerospace sector and acquire major orders for both mould and tooling machines for the automotive sector and machines used in the processing of innovative and nonferrous materials. Research activities focus on both of the Group's business lines.

In the numerical controls and drives sectors, the main R&D activities that characterised activities during 2022 were:

HiMonitor - The HiMonitor project includes all solutions for monitoring the details of operations performed on machines equipped with FIDIA numerical control. With them, it is possible to analyse actual processing times, downtime, and major events that occur during machining. This makes it possible to monitor and identify any problems, and to define the maintenance work needed to ensure maximum efficiency. HiMonitor is FIDIA's answer to the demand for an integrated machine monitoring tool capable of improving workshop control and managing maintenance more carefully and effectively. In addition, this solution has features that allow you to check the status of the machine from remote devices, such as smartphones, tablets, and PCs. The monitoring systems developed in the HiMonitor project are part of the Industry 4.0 solutions that feature FIDIA's numerical control.

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.

CNCV6 - 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.

Xpower series expansion: The project aims to expand the Xpower drive series with new devices aimed at both increasing performance and expanding product offerings. In particular, a new digital axis control board will be developed that will provide sufficient speed and computation time to expand low-level control logic and a new encoder protocol interfacing of the current board to ensure compatibility with new products.

In contrast, the CPUZ project has seen minimal developments, has been finalised and concluded.

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 2022 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.

R45 This project aims to develop a new RAM configuration of the machines of the DL family that achieves great thermal symmetry in RAM while maintaining the stiffness of these machine series. This development will enable ever greater milling accuracy.

The Machine Thermal Conditioning project has been completed and successfully concluded. The developments are already available on FIDIA machines, where they help contain thermal drift and further improve machining accuracies.

Finally, throughout 2022 the Group continued its activities in the research collaboration field. The year 2022 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.

BLUSPARK - 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. The project was successfully completed in September 2022.

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.

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 project was successfully completed in September 2022.

I4Q - This project, involving 30 partners from across Europe, aims to develop software tools for collecting and analysing qualitative data from various types of manufacturing processes. Within the project, FIDIA will test these technologies to further improve milling surface quality while keeping production time and cost down.

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 2022 and 31 December 2021, 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 2022 and 2021 is provided below.

€thousand	31/12/2022 GAAP measures	Adjustments	31/12/2022 NonGAAP measures (adjusted)	31/12/2021 GAAP measures	Adjustments	31/12/2021 NonGAAP measures (adjusted)
EBITDA	(2,626)		(2,626)	418		418
Accrued provisions	(161)		(65)	(65)		(65)
Depreciation/amortisation/write-downs of fixed assets	(2,136)		(2,136)	(1,933)		(1,933)
Income/(Expenses) from discharge in bankruptcy	10,758		10,758	(976)		(976)
EBIT	5,835		5,835	(2,556)		(2,556)
Net finance income/(expense)	(354)		(354)	(364)		(364)
Profit/(Loss) on foreign exchange	67		67	(337)		(337)
EBT	5,547		5,547	(3,257)		(3,257)

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 31/12/2022
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)	2022	%	2021	%
Net revenue	24,366	99.0%	23,837	99.2%
Changes in inventories of finished goods and W.I.P.	(1,246)	5.1%	(1,247)	5.2%
Other revenues and income	1,487	6.0%	1,444	6.0%
Value of production	24,607	100%	24,034	100.0%
Raw materials and consumables	(8,329)	33.8%	(7,061)	29.4%
Commissions, transport and contractors	(2,098)	8.5%	(1,401)	5.8%
Other services and operating costs	(6,228)	25.3%	(4,816)	20.0%
Added value	7,951	32.3%	10,756	44.8%
Personnel expenses	(10,578)	43.0%	(10,338)	43.0%
EBITDA	(2,626)	10.7%	418	1.7%
Accrued provisions	(161)	0.7%	(65)	0.3%
Depreciation/amortisation/write-downs of fixed assets	(2,136)	8.7%	(1,933)	8.0%
Operating income from ordinary business	(4,925)	20.0%	(1,580)	6.6%
Income/ (Expenses) from discharge in bankruptcy	10,758	43.7%	(976)	4.1%
EBIT	5,835	23.7%	(2,556)	10.6%
Net finance expenses and revenue	(354)	1.4%	(364)	1.5%
Profit/(Loss) on foreign exchange	67	0.3%	(337)	1.4%
Earnings before tax (EBT)	5,547	22.5%	(3,257)	13.6%
Income taxes (current, paid and deferred)	206	0.8%	(239)	1.0%
Profit/(loss) of the period	5,753	23.4%	(3,496)	14.5%
(Profit)/Loss of non-controlling interests	(214)	0.9%	(294)	1.2%
Profit/(Loss) of Group	5,967	24.2%	(3,202)	13.3%

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 2022 ended with revenues up 2.2% from the previous year to €24,366 thousand compared with €23,837 thousand in 2021. This performance is the result of a growth trend in tow of the three business lines in which the Group operates. In the electronics sector - CNC - revenue performance compared with 2021 was up by 14.9%, as was that of the high-speed milling systems sector - HSM - which closed the year with an increase of €1,069 million (9%) while the after-sales service sector - Service - deteriorated by 7.4%.

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

Revenues by line of business (€ thousand)	2022	%	2021	%	Change in %
Numerical controls, drives and software	1,745	7.2%	1,519	6.4%	14.9%
High-speed milling systems	13,004	53.4%	11,935	50.1%	9.0%
After-sales service	9,617	39.5%	10,383	43.5%	7.4%
Grand total	24,366	100%	23,837	100%	2.2%

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

Net total sales (€thousand)	2022	%	2021	%	Change in %
ITALY	3,023	12.4%	1,882	7.9%	60.6%
EUROPE	8,775	36.0%	9,490	39.8%	7.5%
ASIA	7,613	31.3%	5,764	24.2%	32.1%
NORTH and SOUTH AMERICA	4,924	20.2%	6,694	28.1%	26.4%
REST OF THE WORLD	31	0.1%	7	0.0%	342.9%
TOTAL	24,366	100%	23,837	100%	2.2%

Numerical controls and software

Revenues from the electronic sector (CNC) increased compared with 2021 (14.9%), from €1,519 thousand in 2021 to €1,745 thousand in 2022.

High-speed milling systems

The high speed milling (HSM) systems sector reported an increase in revenues compared with 2021; revenue rose from €11,935 thousand in 2021 to €13,004 thousand in 2022 equal to a 9.0% increase.

At 31 December 2022, 14 milling systems had been shipped to and accepted by end customers, compared with 15 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 2022, revenues amounted to €9,617 thousand, down 7.4% from €10,383 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 (€thousand) HSM+CNC	2022	2021	Change in %
Backlog orders at 01/01	13,836	15,947	13.2%
New orders	6,120	11,343	46.0%
Net revenue	(15,628)	(13,454)	16.1%
Backlog orders at 31/12	4,328	13,836	68.7%

The reporting period 2022 closed with an order backlog significantly lower than at the end of 2021 due to lower new orders in the mechanical sector and a restatement of certain positions in the backlog.

Other revenues and income

Other operating revenue in 2022 amounted to €1,487 thousand versus €1,444 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. (€426 thousand at 31 December 2022; €451 thousand at 31 December 2021);
- capital gains from transfers (€53 thousand at 31 December 2022; €28 thousand at 31 December 2021);
- reabsorption of the provision for warranty and the like (€629 thousand at 31 December 2022; €338 thousand at 31 December 2021);
- damages from insurance companies, recovery of costs incurred, contingent assets, and others (€379 thousand at 31 December 2022; €626 thousand at 31 December 2021).

Value of production

At year-end, the value of production reached €24,607 thousand, up 2.4% compared with the year before (€24,034 thousand). This is due to an increase in revenues on sales (€529 thousand more than in 2021), and a positive change in other revenues and income (€43 thousand more than in 2021) compared with substantially no change in inventories of finished goods and work in progress.

Other services and operating costs

This item, equal to €6,228 thousand, increased by 29.32% YOY (€4,816 thousand).

In detail, the items that contributed the most are:

- costs for repairs and interventions €863 thousand at 31 December 2022, compared with €893 thousand at 31 December 2021 (€30 thousand);
- travel expenses incurred €858 thousand euros at 31 December 2022, compared with €722 thousand at 31 December 2021 (+€136 thousand);
- overheads, technical and administrative consulting, utilities, rent, legal expenses, contingent liabilities, allocations to the warranty provision and other provisions, and other expenses, €4,507 thousand at 31 December 2022, €3,200 thousand at 31 December 2021 (+€1.307 thousand, equal to 40.8%).

Added value

At year-end, value added amounted to €7,951 thousand versus €10,756 thousand the year before (equivalent to 32.3% of value of production in 2022 and 44.8% in 2021). The reduction is mostly due to the higher value of material consumption and costs related to production activities.

Personnel

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

Staffing	2022	2021	Abs. change	Change in %
Executives	9	9	0	0.0%
Office workers and middle managers	155	170	15	8.8%
Workers	33	38	5	13.2%
Total employees	197	217	20	9.2%
Total mean No. of employees	201	230	29	12.6%

Labour cost (€thousand)	2022	2021	Abs. change	Change in %
Labour cost	10,578	10,338	240	2.32%

Personnel expenses were up compared with the previous year (2.32%, equal to an increase of about €240 thousand) and the Group's workforce was on average about 12.6% lower. This increase can be attributed to labour cost in branches not offset by the use of layoffs at the parent company as a result of the decrease in headcount.

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 €2,626 thousand (10.7% of value of production), down €3,044 thousand compared with the previous year (+€418 thousand, equal to 1.7% of value of production), mainly due to the increase in production costs.

Operating income from ordinary business

Operating income from ordinary business registered a loss of €4,925 thousand, versus €1,580 thousand at 31 December 2021.

Income and expenses from discharge in bankruptcy

In 2022 there was non-recurring income of €11,573 thousand due to the effects arising from the arrangement with creditors approved on 22 June 2022. This income was netted of arrangement costs for the year amounting to €815 thousand. In 2021, costs in the amount of €976 thousand were recorded.

EBIT

EBIT at 31 December 2022 was positive at €5,835 thousand; EBIT at 31 December 2021 was negative by €2,556 thousand.

Finance expenses and revenue and net exchange rate gains/losses

Net finance expenses decreased compared with 2021 (net expenses of €354 thousand compared with €364 thousand the previous year).

Net foreign exchange differences, either realised or resulting from measurement in the financial statements, generated net revenue of €67 thousand versus net expenses of €337 thousand at 31 December 2021.

Earnings before tax (EBT)

EBT amounted to €5,547 thousand versus a loss of €3,257 thousand in 2021.

Income tax

Net balance for the period was mainly due to current, deferred and paid taxes totalling €206 thousand, which can be broken down as follows:

- Income tax of foreign subsidiaries -€39 thousand;
- Paid and deferred taxes amounting to €249 thousand;
- Taxes for previous periods amounting to €4 thousand.

It should be noted that the parent company Fidia S.p.A. posted a tax loss for IRES purposes and a negative tax base for IRAP in the closing reporting period.

Profit/(loss) of the period

The net result for the period was a profit of €5,753 thousand compared with a loss of €3,496 thousand in 2021.

Group consolidated statement of financial position

At 31 December 2022, the reclassified consolidated statement of financial position was as follows:

Group statement of financial position (€thousand)	31/12/2022	31/12/2021
Net tangible assets	9,327	10,027
Intangible fixed assets	999	1,569
Non-current financial assets	16	16
Deferred tax assets	968	1,235
Other non-current assets	23	206
Capital assets – (A)	11,333	13,054
Net trade receivables from customers	5,799	7,396
Closing inventories	10,133	12,823
Other current assets	1,580	1,933
Short-term (current) assets – (B)	17,512	22,152
Trade payables to suppliers	(4,116)	(3,679)
Other current liabilities	(8,767)	(11,467)
Short-term (current) liabilities – (C)	(12,883)	(15,146)
Net working capital (D) = (B+C)	4,629	7,006
Termination benefits (E)	(1,961)	(2,188)
Other long-term liabilities (F)	(240)	(614)
Net invested capital (G) = (A+D+E+F)	13,761	17,258
Financial position		
Available-for-sale financial assets		
Cash on hand, bank deposits	(4,868)	(5,267)
Short-term loans	1,879	7,354
Assets/liabilities for current derivatives		
Other current financial payables		
Short-term financial position (receivable)/payable	(2,989)	2,087
Long-term loans, net of current portion	6,384	6,450
Assets/liabilities for long-term derivatives	(290)	158
Non-current trade and other payables	4,309	10,300
Net financial position (receivable)/payable (H)	(*)7,413	(*)18,995
Share capital	7,123	5,123
Provisions	(7,125)	(4,255)
Profit/(loss) of the period for Group	5,967	(3,202)
Total equity of Group	5,966	(2,333)
Total equity of non-controlling interests	383	596
Total shareholders' equity (I)	6,349	(1,737)
Equity and net financial position (L) = (H+I)	13,761	17,258

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 323821138) having effective date of application on 5 May 2021.

Compared with 31 December 2021, the Group statement of financial position registered the following changes:

- a decrease in non-current assets (from €13,054 thousand to €11,333 thousand) resulting from the decrease in capitalisation of assets with long-term utility, such as development costs, plus depreciation and amortisation for the period and the write-down carried out on some development projects;
- a decrease in trade receivables from customers (from €7,396 thousand to €5,799 thousand) mainly related to the decrease in revenue. Trade receivables were posted net of depreciation provision in the amount of €1,355 thousand;

- the trend of decreasing and optimising the inventory level (from €12,823 thousand to €10,133 thousand) was confirmed. Inventories were posted net of provision for obsolete inventories in the amount of €4,687 thousand;
- a decrease in other current assets (from €1,933 thousand to €1,580 thousand) mainly due to other current trade receivables and current social security receivables;
- an increase in trade payables to suppliers (from €3,679 thousand to €4,116 thousand);
- a decrease in Non-current trade and other payables (from €10,300 thousand to €4,309 thousand) due to write-off of frozen composition debts;
- a decrease in other current liabilities (from €11,467 thousand to €8,767 thousand), following reclassification of €2,922 thousand in other non-current liabilities;
- a decrease in provisions for termination benefits (from €2,188 thousand to €1,961 thousand) due to normal dynamics related to personnel;
- a decrease in other long-term liabilities (from €614 thousand to €240 thousand), mainly related to other deferred taxes.

At 31 December 2022, the net financial position was negative by €7,413 thousand, improving compared with the previous year in relation to discharge in bankruptcy under the arrangement approved by the Court of Ivrea on 24 June 2022.

The trend in the net financial position is illustrated below.

Trend in net financial position

Financial Position (€thousand)		2022	2021
A	Cash	4,869	5,267
B	Cash equivalents		
C	Current financial assets		
D=A+B+C	Liquidity	4,869	5,267
E	Current financial debt	13	4,414
F	Current portion of non-current financial debt	1,866	2,939
G=E+F	Current financial indebtedness	1,879	7,354
H=GD	Net current financial indebtedness	2,989	2,087
I	Non-current financial debt	6,094	6,608
J	Debt instruments		
K	Non-current trade and other payables	4,309	10,300
L=I+J+K	Non-current financial indebtedness	10,403	16,908
M=H+L	Total financial indebtedness	7,413	18,995

This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 323821138) 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)	31/12/2022	31/12/2021
Fidia S.p.A.	1,421	1,970
Fidia Co.	1,439	1,347
Fidia GmbH	684	479
Fidia Iberica S.A.	239	175
Fidia S.a.r.l.	421	459
Beijing Fidial Machinery & Electronics Co., Ltd	556	695
Fidia do Brasil Ltda.	30	30
Shenyang Fidial NC & M Co., Ltd	78	111
Total cash and cash equivalents	4,869	5,267

Financial payables (€thousand)	31/12/2022	31/12/2021
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Short-term loans and advances

Fidia S.p.A.	(1,430)	(6,700)
Fidia GmbH	(102)	(65)
Fidia Iberica S.A.	(51)	(38)
Fidia S.a.r.l.	(68)	(177)
Fidia Co	(52)	
Fidia do Brasil Ltda	(8)	(3)
Beijing Fidias Machinery & Electronics Co., Ltd	(168)	(370)
Total	(1,879)	(7,354)

Long-term loans, net of current portion

Fidia S.p.A.	(4,943)	(5,064)
Fidia GmbH	(141)	(130)
Fidia Iberica S.A.	(174)	(197)
Fidia S.a.r.l.	(371)	(12)
Fidia do Brasil Ltda	(3)	
Fidia Co	(752)	(1,049)
Total	(6,384)	(6,450)

Assets/(liabilities) for long-term derivatives

Fidia S.p.A.	290	(158)
Total	290	(158)

Total financial payables

(8,139) (13,962)

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.

Short consolidated statement of cash flows (€thousand)	2022	2021
A) Cash on hand and cash equivalents at beginning of year	3,168	2,784
B) Cash from (used in) operating activities during the period	793	584
C) Cash from/(used in) investing activities	(231)	(57)
C) Cash from/(used in) financing activities	747	(1,090)
Currency translation differences	378	947
E) Net change in cash and cash equivalents	1,687	384
F) Cash and cash equivalents at year end	4,855	3,168

Breakdown of cash and cash equivalents:

Cash and cash equivalents	4,869	5,267
Overdrawn bank accounts and short-term advances	(13)	(2,099)
	4,855	3,168

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

FINANCIAL RATIOS

INVESTED CAPITAL RATIOS

RATIOS	31-Dec-22		31-Dec-21	
1) Weight of fixed assets				
Capital assets	11,333	=	33,33%	
<u>Total assets</u>	<u>34,005</u>			<u>13,054</u> = 32.25%
				<u>40,473</u>
2) Weight of working capital				
Current assets	22,381	=	65,82%	
<u>Total assets</u>	<u>34,005</u>			<u>27,419</u> = 67.75%
				<u>40,473</u>

LOAN MIX RATIOS

RATIOS	31-Dec-22		31-Dec-21	
1) Weight of current liabilities				
Current liabilities	19,071	=	68,96%	
<u>Total liabilities (except shareholders' equity)</u>	<u>27,656</u>			<u>32,605</u> = 77,24%
				<u>42,210</u>
2) Weight of non-current liabilities				
Consolidated liabilities	8,585	=	31,04%	
<u>Total liabilities (except shareholders' equity)</u>	<u>27,656</u>			<u>9,605</u> = 22,76%
				<u>42,210</u>
3) Weight of own capital				
Own capital	6,349	=	46,14%	
<u>Net invested capital</u>	<u>13,761</u>			<u>-1,737</u> = -10,06%
				<u>17,258</u>

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

RATIO	31-Dec-22	31-Dec-21
$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{22,381}{19,071} = 1.17$	$\frac{27,419}{32,605} = 0.84$

CAPITAL ASSETS COVERAGE RATIO

RATIO	31-Dec-22	31-Dec-21
$\frac{\text{Own capital}}{\text{Capital assets}}$	$\frac{6,349}{11,333} = 0.56$	$\frac{(1,737)}{13,054} = 0.13$

CASH RATIO

RATIO	31-Dec-22	31-Dec-21
$\frac{\text{Short-term assets}}{\text{Short-term liabilities}}$	$\frac{17,513}{17,192} = 1.02$	$\frac{22,152}{15,146} = 1.46$

The analysis of financial indicators reflects a trend consistent with the general situation experienced by the company in 2022.

In particular, the deterioration in the liquidity ratio was affected by the general environment in which the company operated in 2022.

The capital assets coverage ratio shows full coverage of capital assets with borrowed funds, further accentuated in the period 2022.

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 – RETURN ON EQUITY

	31-Dec-22		31-Dec-21	
Net income pertaining to Group	5,967	=	-3,202	=
Equity of Group	5,966	=	-2,333	=
		100,03%		137,22%

ROI – RETURN ON INVESTMENT

	31-Dec-22		31-Dec-21	
Operating income from ordinary business	5,843	=	-1,580	=
Invested capital	28,846	=	35,206	=
		20,22%		-4.49%

ROS – RETURN ON SALES

	31-Dec-22		31-Dec-21	
Operating income from ordinary business	5,834	=	-1,580	=
Sales	24,336	=	-3,202	=
		23,94%		-6.63%

ROE showed a significant improvement in the Group's shareholder's equity, which, at the end of 2022, was positive by €5,966 thousand.

ROI, which measures profitability from operations, showed a negative value given the operating loss registered by the Group in 2022.

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 - 2022 (€thousand)	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	1,745	70.4%	13,004	100.0%	9,617	99.6%		24,366
Cross-sector revenues	735	29.6%		0.0%	36	0.4%		
Total reclassified revenues	2,479	100%	13,004	100%	9,653	100%		24,366
Changes in inventories of finished goods and W.I.P.	124	5.0%	(1,698)	13.1%	328	3.4%	0	(1,246)
Raw materials and consumables	(732)	29.5%	(6,056)	46.6%	(1,478)	15.3%	(63)	(8,329)
Cross-sector expenses	(37)	1.5%	(1,174)	9.0%	427	4.4%	14	
Commissions, transport and contractors	(247)	10.0%	(1,506)	11.6%	345	3.6%	(1)	(2,098)
Sales margin	2,384	96.1%	1,833	14.1%	8,525	88.3%	(50)	12,693
Other operating revenue	268	10.8%	2,144	16.5%	258	2.7%	10,410	13,081
Other operating costs	(159)	6.4%	(1,153)	8.9%	1,614	16.7%	(3,808)	(6,735)
Personnel expenses	(1,120)	45.2%	(3,632)	27.9%	4,256	44.1%	(1,595)	(10,578)
Depreciation, amortisation and write-downs	(325)	13.1%	(1,196)	9.2%	130	1.3%	(950)	(2,297)
Operating profit/(loss)	1,047	42.2%	(2,003)	15.4%	2,784	28.8%	4,007	5,835

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	
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)

The CNC sector, as already noted in the first part of this Report, closed 2022 with increased revenues compared with the previous year recording a percentage increase in the margin on sales, (from 87.1% in 2021 to 96.1% in 2022), confirming increasing margins in absolute terms (from €1,954 thousand in 2021 to €2,384 thousand in 2022). EBIT improved in absolute terms (from €625 thousand in 2021 to €1,047 thousand in 2022), especially due to the increase in revenue and cross-sector revenues, buoyed by improvements in other operating costs despite the increase in personnel expenses (from €1,085 thousand in 2021 to €1,120 thousand in 2022).

The high-speed milling systems (HSM) sector showed increased revenues (€13,004 thousand in 2022 versus €11,935 thousand in 2021). The margin on sales decreased both in absolute terms and as a percentage of revenues (€1,833 thousand compared with €3,234 thousand in the previous year). Operating income worsened in 2022 both in absolute terms (€2,033 thousand, compared with €1,041 thousand in 2021) and in percentage terms, (15.4% compared with 8.6% in 2021).

Finally, Service recorded a decrease in revenue (€9,653 thousand compared with €10,383 thousand in 2021), leading to a reduction in margin on sales in absolute terms (€8,525 thousand euros compared with €9,001 thousand in 2021) but an increase in percentage terms (88.3% in 2022, 86.0% in 2021). Operating income from ordinary business was lower than in 2021 (€2,784 thousand compared with €3,531 thousand in the previous year), and with margin that went from 33.8% in 2021 to 28.8% in 2022.

Consolidated Statement of Financial Position by sector

31 December 2022 (€thousand)	CNC	HSM	SERVICE	N/A	Total
Property, plant and equipment	68	6,591	92	2,576	9,327
Intangible fixed assets	696	236		67	999
Equity investments				16	16
Other non-current financial assets				290	290
Deferred tax assets		3		21	23
Other non-current receivables and assets				968	968
Total non-current assets	764	6,830	92	3,939	11,624
Inventory	1,537	2,964	5,633		10,133
Trade receivables and other receivables	150	3,259	2,114	1,439	6,963
Current taxes receivable				417	417
Cash and cash equivalents				4,869	4,869
Total current assets	1,687	6,223	7,747	6,724	22,381
Total assets	2,451	13,053	7,839	10,663	34,005
Other non-current payables and liabilities	7	12	45	7	71
Deferred tax liabilities				169	169
Termination benefits	412	781	211	557	1,961
Other non-current financial liabilities				324	324
Non-current financial liabilities		4,024	14	2,022	6,060
Total non-current liabilities	419	4,816	270	3,080	8,585
Current financial liabilities		400	11	1,468	1,879
Trade payables and other current payables	761	4,727	840	7,355	13,683
Current taxes payable				1,542	1,542
Short-term provisions	2	658	491	816	1,967
Total current liabilities	764	5,784	1,343	11,181	19,071
Total liabilities	1,183	10,601	1,612	14,260	27,656
Shareholders' equity				6,349	6,349
Total liabilities	1,183	10,601	1,612	20,609	34,005

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

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 123bis 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 2022, 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 2022 are reported below.

As of 11/22/2022, following the contribution by Mr. Giuseppe Morfino of his shares in FAIBIDCO UNO SRL now in liquidation by complying with the arrangement obligations, no member of the Board of Directors directly holds any interest in the Company and/or its subsidiaries.

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. On 29 September 2021, the Company adopted the new related parties procedure (Consob Resolution No. 21624 of 10 December 2020).

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 relations with related parties 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 2022 there were no transactions with related parties that can be defined as having "major relevance".

In 2022, 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)	2022	%	2021	%
Net revenue	16,474	96.1%	14,471	99.6%
Changes in inventories of finished goods and W.I.P.	(547)	3.2%	(1,277)	8.8%
Other revenues and income	1,207	7.0%	1,337	9.2%
Value of production	17,134	100%	14,531	100.0%
Raw materials and consumables	(7,197)	42.0%	(5,146)	35.4%
Commissions, transport and contractors	(1,763)	10.3%	(834)	5.7%
Other services and operating costs	(4,719)	27.5%	(3,373)	23.2%
Added value	3,455	20.2%	5,178	35.6%
Personnel expenses	(5,282)	30.8%	(5,329)	36.7%
EBITDA	(1,827)	10.7%	(151)	1.0%
Accrued provisions	(112)	0.7%	(5)	0.0%
Depreciation/amortisation/write-downs of fixed assets	(1,547)	9.0%	(1,317)	9.1%
Operating income from ordinary business	(3,486)	20.3%	(1,473)	10.1%
Non-recurring income/(expenses)	17,053	99.5%	(976)	6.7%
Impairment (losses)/reversals				
EBIT	13,567	79.2%	(2,448)	16.8%
Net finance (expenses) and revenue	(295)	1.7%	(302)	2.1%
Profit/(Loss) on foreign exchange	12	0.1%	(96)	0.7%
Earnings before tax (EBT)	13,284	77.5%	(2,846)	19.6%
Income taxes (current, paid and deferred)	(21)	0.1%	(12)	0.1%
Net operating result	13,263	77.4%	(2,858)	19.7%

The period 2022 closed with revenues up 13.8% from the previous year (€16,474 thousand compared with €14,471 thousand in 2021).

This performance is mostly attributable to the High-Speed Milling Systems - HSM business, up 21.4%, while the electronics division showed a positive performance of 60.3%; the Service business, on the other hand, recorded an 8.4% decrease

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)	2022	%	2021	%	Change in %
Numerical controls, drives and software	1,121	6.8%	699	4.8%	60.4%
High-speed milling systems	11,156	67.7%	9,188	63.5%	21.4%
After-sales service	4,197	25.5%	4,584	31.7%	8.4%
Grand total	16,474	100.0%	14,471	100.0%	13.8%

Total revenues (€thousand)	2022	%	2021	%	Change in %
ITALY	2,495	15.1%	1,884	13.0%	32.4%
EUROPE	5,219	31.7%	5,980	41.3%	12.7%
ASIA	6,309	38.3%	3,608	24.9%	74.9%
NORTH and SOUTH AMERICA	2,421	14.7%	2,992	20.7%	19.1%
REST OF THE WORLD	28	0.2%	7	0.0%	>100%
Total	16,474	100.0%	14,471	100.0%	13.8%

As noted above, total revenues of Fidia S.p.A. were up (13.8%) compared with the period 2021, as a result of the sales recorded by the HSM sector (21.4%) and the CNC sector, which recorded an increase of 60.4%. The SERVICE sector was down slightly from 2021 (8.4%).

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

Total backlog orders (€thousand)	2022	2021	Change in %
Backlog orders at 01/01	11,298	14,169	20.3%
New orders	6,120	7,016	12.8%
Net revenue	(13,090)	(9,887)	32.0%
Backlog orders at 31/12	4,328	11,298	61.7%

The final order backlog at 31 December 2022 was lower by 61.7% compared with the previous year.

EBITDA was negative amounting to about -€1,827 thousand (€151 thousand in 2021).

The operating income from ordinary business was negative at €3,488 thousand compared with a negative result of €1,473 thousand at 31 December 2021.

EBIT was positive by €13,567 thousand (compared with €2,448 thousand in the same period of 2021). The result takes into account €17,053 thousand of net effect from discharge in bankruptcy. It includes arrangement costs for the year amounting to €813 thousand, while in 2021 it was €976 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; €0 thousand in 2021), together with net finance expenses (a total of €295 thousand in 2022 and €302 thousand in 2021). Finally, the foreign currency management generated earnings of €12 thousand (losses of approx. €96 thousand at 31 December 2021).

The net profit after taxes of €21 thousand amounted to €13,263 thousand versus a loss of €2,858 thousand at 31 December 2021.

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

Staffing	2022	2021	Abs. change	Change %
Executives	5	5	0	0.0%
Office workers and middle managers	71	80	9	11.3%
Workers	33	37	4	10.8%
Total employees	109	122	13	10.7%
Total mean No. of employees	112	132	19.5	14.8%

Labour cost (€thousand)	2022	2021	Abs. change	Change %
	5,282	5,329	47	0.86

Personnel expenses decreased overall by €47 thousand YOY (0.87%) compared with a decrease in average workforce of 14.8%. However, during the year the workforce decreased by 13 units, or 10.7%.

Due to higher revenue, the overall incidence of cost of labour in relation to the value of production decreased, from 36.67% in 2021 to 30.8% 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)	31.12.2022	31.12.2021
Net tangible assets	7,384	8,153
Intangible fixed assets	952	1,558
Non-current financial assets	6,646	6,646
Deferred tax assets	350	409
Other non-current assets	15	197
Capital assets – (A)	15,347	16,963
Net trade receivables from customers	6,532	6,998
Closing inventories	6,242	8,131
Other current assets	1,368	2,753
Short-term (current) assets – (B)	14,142	17,881
Trade payables to suppliers	(4,761)	(4,043)
Other current liabilities	(6,451)	(9,526)
Short-term (current) liabilities – (C)	(11,212)	(13,569)
Net working capital (D) = (B+C)	2,930	4,312
Termination benefits (E)	(1,961)	(2,188)
Other long-term liabilities (F)	(146)	
Net invested capital (G) = (A+D+E+F)	16,170	19,088
Financial position		
Available-for-sale financial assets		
Cash on hand, bank deposits	(1,421)	(2,054)
Short-term loans	1,430	8,895
Assets/liabilities for current derivatives		
Other current financial receivables	(69)	
Other current financial payables		
Short-term financial position (receivable)/payable	(60)	6,841
Long-term loans, net of current portion	5,165	5,064
Assets/liabilities for long-term derivatives	(290)	158
Non-current trade and other payables	4,655	15,530
Net financial position (receivable)/payable (H)	(*) 9,470	(*) 27,593
Share capital	7,123	5,123
Provisions	(13,686)	(10,771)
Profit/(loss) of the period	13,263	(2,858)
Total shareholders' equity	6,701	(8,505)
Equity and net financial position (L) = (H+I)	16,170	19,088

(*) This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 323821138) having effective date of application on 5 May 2021.

Compared with 31 December 2021, capital assets recorded a decrease of €1.6 million, mainly attributable to the reduction in tangible assets by €769 thousand and intangible assets by €606 thousand.

Net working capital was down mainly from 2021 due to the trend of receivables and payables driven by the decrease in revenue and related costs, and the decrease in inventories. In addition, the balances at the end of 2022 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 €9,470 thousand at 31 December 2022, which was substantially better than the negative balance of €27,593 thousand at 31 December 2021.

The trend in the net financial position of Fidia S.p.A. reflected the same trend in the Group's net financial position, with the improvement compared with 31 December 2021 resulting from the effect of the discharge in bankruptcy following the arrangement process arising from the filing with the Court of Ivrea of the motion for a "blank" arrangement pursuant to Article 161, paragraph 6, of the Italian 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)		2022	2021
A	Cash	1,421	1,970
B	Cash equivalents		
C	Current financial assets	69	84
D=A+B+C	Liquidity	1,490	2,054
E	Current financial debt	13	5,956
F	Current portion of non-current financial debt	1,417	2,939
G=E+F	Current financial indebtedness	1,430	8,895
H=GD	Net current financial indebtedness	(60)	6,841
I	Non-current financial debt	4,875	5,222
J	Debt instruments		
K	Non-current trade and other payables	4,655	15,530
L=I+J+K	Non-current financial indebtedness	9,530	20,752
M=H+L	Total financial indebtedness	9,470	27,593

This representation transposed the communication issued by ESMA on 04/03/2021 on "Guidance on disclosure requirements under the Prospectus Regulation" (ESMA 323821138) 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)	2022	2021
A) Cash on hand and cash equivalents at beginning of year	(129)	(694)
B) Cash from (used in) operating activities during the period	214	1,088
C) Cash from/(used in) investing activities	(161)	(34)
C) Cash from/(used in) financing activities	1,484	(492)
E) Net change in cash and cash equivalents	1,537	565
F) Cash and cash equivalents at year end	1,408	(129)
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	1,421	1,970
Overdrawn bank accounts and short-term advances	(13)	(2,099)
	1,408	(129)

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 2022 and the shareholders' equity at 31 December 2022 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 31.12.2021	Changes in Shareholders' equity 2022	Result 31.12.2022	Shareholders' equity 31.12.2022
Financial Statements of Fidia S.p.A.	(8,505)	1,944	13,263	6,701
Consolidation adjustments				
* Elimination of carrying amount of investments	6,291	446	(7,121)	(399)
* Transactions between consolidated companies	(106)	(15)	(175)	(280)
* Foreign exchange gain/(loss) on inter-company transactions	(12)	(45)		(59)
Consolidated financial statements of Group (share pertaining to Group)	(2,333)	2,330	5,967	5,966

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

Revenues for the year 2022 amounted to €4,775 thousand, down from €5,263 thousand in the previous year (9.27%); the year 2022 ended with a net profit of €460 thousand, compared with a net profit of €311 thousand in 2021. The workforce was stable at 17 employees.

Fidia Iberica S.A.

Revenue for 2022 amounted to €1,477 thousand, up from €1,110 thousand the previous year (33.06%). The period 2022 closed with a profit of €10 thousand versus a loss of €51 thousand in 2021. The workforce was stable at 9 employees.

Fidia S.a.r.l.

The revenue for 2022 amounted to €851 thousand, up from €863 thousand the previous year (1.3%). The period closed with a profit of €25 thousand versus a profit of €26 thousand in 2021. The workforce was stable at 5 employees.

000 Fidìa

The company did not actually carry out any business activities during the year 2022 as it was not operational.

Fidia Co.

Revenue in 2022 amounted to €3,729 thousand (USD 3,927 thousand) down from €6,415 thousand (USD 7,587 thousand) the previous year (48.2%). Net profit amounted to €3,944 thousand (USD 4,153 thousand) compared with the previous year's net profit of €76 thousand (USD 90 thousand). Workforce was down and amounted to 11 employees at 31 December 2022.

Beijing Fidìa Machinery & Electronics Co. Ltd.

Revenue in 2022 amounted to €2,392 thousand (RMB 16.9 million), down from €3,077 thousand (RMB 23.5 million) in the previous year (28.09%). Net loss amounted to €2,682 thousand (RMB 18.9 million) compared with a loss of €416 thousand in the previous year. Workforce was down and amounted to 25 employees.

Shenyang Fidìa NC&M Co. Ltd.

Revenue in 2022 amounted to €381 thousand (RMB 2,696 million) versus €57 thousand (RMB 435 million) in 2021; the period closed with a loss of €438 thousand (RMB 3,099 thousand) versus a net loss of €600 thousand in 2021. The workforce was stable at 18 employees.

Fidia do Brasil Ltda

Revenue in 2022 amounted to €694 thousand (3,777 thousand real) over €323 thousand (2,060 thousand real) the previous year. Year 2022 closed with a profit of €154 thousand (838 thousand real) over a loss of €44 thousand in 2021. The workforce was stable at 3 employees.

Associates

Prometec Consortium

Shareholders' equity at 31 December 2022 amounted to €10 thousand (interest held by Fidìa S.p.A.: 20%).

Significant events after the reporting date and business outlook

The Group ended the year with a net profit of €6.0 million, net of a net loss attributable to minority interests of €0.2 million. This result was mainly due to the discharge in bankruptcy arising from the arrangement, while the operating loss from ordinary operations was €4.9 million.

This result was related to insufficient new orders, as a result of a general tension in some of the markets in which the Group operates, but also to a level of efficiency in need of improvement, which has started in early 2023.

Specifically, in the first quarter of 2023, new orders stood at €16.1 million, thus increasing the HSM backlog to €20.4 million against €4.3 million at 31 December 2022.

The net financial position improved markedly from a debt of €19.0 million at 31 December 2021 to a debt of €7.4 million at 31 December 2022.

The Fidia crisis

As already discussed in the past, 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.

During 2022, 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 Covid19 health emergency

The outbreak of Covid19 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 economic and financial effects related to Covid19, the Company continued to record the negative effects resulting from the pandemic also in 2022, despite the fact the emergency was declared over on 31 March 2022, especially because of the continuous lockdowns imposed by the Chinese government.

These events have had in very negative impact at the commercial level, which is being overcome only now in early 2023.

Actions taken by the Company to tackle the Group crisis

In 2022, 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 years 2020-2024 in order to reflect the effects of Covid19 in 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 Covid19 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 Covid19 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 ("Negma"), 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 maintaining direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law by pursuing financial and equity consolidation to be implemented, in short, through the release of new resources from third-party investors ("Investors"), who have made a binding and irrevocable offer, which, in a nutshell, provides for:
 - the 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. ("FAIBIDCO UNO SRL");
 - an increase in the share capital of FAIBIDCO UNO SRL in the amount of €4,132,413, 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;
- the execution of an overall capital increase in Fidia with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:
 - €2,000,000, to be reserved for subscription in cash by FAIBIDCO UNO SRL now in Liquidation;
 - €10,000,000 to be allocated for the conversion of the POC subscribed by Negma;
 - €2,000,000 to service the possible exercise of warrants.
 - 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 with the only practically feasible alternative, i.e., bankruptcy.

On 19 May 2022, following the vote by creditors, 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 approved the arrangement as a going concern approved by the creditors and then ordered the Company to carry out the provisions under the arrangement plan proposal.

On 18 November 2022, in execution of the plan and proposed arrangement, the Company's previously convened ordinary and extraordinary shareholders' meeting was held on 3 November 2022, at which the following was resolved:

- the approval of the financial statements at 31 December 2021, together with the Directors' Report for the year 2021, the report of the Board of Statutory Auditors and the Independent Auditors, the presentation of the Consolidated Financial Statements at 31 December 2021, and the report on corporate governance and ownership structure pursuant to Article 123bis of the Consolidated Finance Act;
- the approval of the report on remuneration policy and compensation paid pursuant to Article 123 ter of Legislative Decree No. 58 of 24 February 1998;
- the approval of the proposed adoption of instrumental and preparatory measures of the arrangement plan, namely:
 - the issuance of a bond convertible into Fidia shares cum warrants in the total amount of €10,000,000.00, to be issued in one or more tranches, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code as it is intended for Negma, and the related increase in share capital pursuant to Article 2420bis, paragraph 2, of the Italian Civil Code, in tranches, with the exclusion of option rights, pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of €10,000,000.00 to service the conversion of the convertible bond;
 - the issuance of warrants to be assigned free of charge to the subscribers of the convertible bond loan and the related increase in share capital, in tranches and for cash, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the aforementioned warrants for a maximum amount of €10,000,000.00;
 - a paid capital increase, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, in the total amount of €2,000,000.00, including share premium, to be carried out in tranches and reserved for subscription to FAIBIDCO UNO SRL now in Liquidation.

On the same date, the Board of Directors approved the consolidated statement of financial position and income statement at 30 June 2022 of Fidia S.p.A. and the Fidia Group.

Subsequently, and precisely on 23 November 2022, FAIBIDCO UNO SRL now in Liquidation - having taken note of the execution of the capital increase previously resolved - executed the capital increase resolved by Fidia, thus proceeding to pay the total sum of €2,000,000.00 into the current account in the Company's name. At the same time, the Company and Negma finalised and finally approved the regulation for the issuance of the convertible bond, which governs the timing and manner of issuance and conversion of the various tranches of the bond.

On 28 November 2022, as provided for in the arrangement proposal, Fidia then made the first distribution in favour of its creditors for predeductible debts, subject to the disclosure and issue of a favourable opinion by the Proceedings Bodies.

On 7 December 2022, FAI BidCo Uno S.r.l. was put into liquidation.

Following the completion of the approved capital increase, on 21 December 2022 Fidia obtained Consob's authorisation for the publication of the prospectus aimed at the admission to trading of newly issued shares resulting from the capital increase approved in implementation of the arrangement plan, thus enabling the start of market trading of newly issued shares as of 1 January 2023.

Lastly, in compliance with the decree of 22 June 2022, the Company has timely fulfilled its disclosure obligations for the post-approval period by preparing quarterly and half-year periodic disclosures on 31 October 2022 and 31 January 2023.

Going concern assumption

As explained above, the Arrangement Plan is still in the execution phase and, in particular, at the date of preparation of these financial statements, the second phase of the investment transaction, underlying the Arrangement Plan, which provided for the issuance of the first tranche of the Bond in the amount of €2,000,000 and the subsequent subscription by Negma by 15 February 2023, has not yet been executed. In addition, the group's fiscal year 2022, although characterised by a slight increase in revenue (+2.2%) compared with the previous year, showed a negative operating income from ordinary operations of €4,924 thousand and a negative net financial position of €7,413 thousand.

Although the actions taken by the Directors have made it possible to partially contain the effects of the market crisis that has affected the Company, they have not yet been sufficient to ensure full recovery of the business.

Therefore, there is still uncertainty whether the provisions contained in the Arrangement Proposal will be met in the expected timeframe, with reference to the terms for subscription of the convertible bond set out therein, as well as whether the aforementioned milestones are not effectively achieved by the company and the group in terms of operational balance and consequently their ability to self-finance through operations. If this were the case, there would be the need to find additional financial resources.

Nevertheless, also taking into account Negma's confirmed commitment to continue investing to the extent necessary to cover the Company's and the Group's financial requirements 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 accordance with its terms.

Specifically, with reference to the short-term (next 12 months) cash needs of the Company and the Group, based on the flows processed for the period from January 2023 to March 2024, the Directors are confident that upon the successful completion of the issuance of the said bond loan, 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 2022, including the following:

- on 18 November 2022, the Board of Directors resolved to finalise the agreement governing the issuance of the Bonds and Warrants (the "Agreement") with the Underwriter to which the POC Regulation (the "POC Regulation") and the Warrant Regulation are attached;
- on 23 November 2022, Fai BidCo Uno therefore executed the capital increase resolved by Fidìa, thus paying the total sum of €2,000,000;
- the business plan prepared by the Company for the period 2023-2027 envisages a recovery of volumes and profitability with the related benefits on cash flows, already evident in the first months of 2023, as confirmed by the size of the order backlog acquired in that period;
- during the current year, the Company has 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, Fidìa represented and demonstrated that it was achieving operational management (although not without physiological difficulties) with the overall effect of not absorbing, but generating liquidity;
- negotiations have already been initiated for the possible granting of new self-liquidating lines of credit, aimed at financing the Company's and the Group's operational management, which, in a phase of business recovery, produces a physiological initial cash absorption, with possible financial strains in certain periods of the year.

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.

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 Fidìa 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 2022

San Mauro Torinese, April 3rd 2023
On behalf of the Board of Directors

The Chairman

Mr. Luigi Maniglio.

A handwritten signature in blue ink, appearing to be 'LM', is centered below the name. The signature is fluid and cursive, with a prominent initial 'L' and 'M'.

Fidia Group
Consolidated Financial Statements at 31 December
2022

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

Consolidated Income Statement (*)

€thousand	Notes	FY2022	FY2021
Net sales	1	24,366	23,837
Other revenues and income	2	1,487	1,444
Total revenues		25,852	25,281
Changes in inventories of finished goods and work in progress		(1,246)	(1,247)
Raw materials	3	(8,329)	(7,061)
Personnel expenses	4	(10,578)	(10,338)
Other operating costs	5	(8,326)	(6,217)
Depreciation, amortisation and write-downs	6	(2,297)	(1,998)
Profit/(loss) from ordinary business		(4,924)	(1,580)
Non-recurring income/(expenses)	7		
Operating profit/(loss)		(4,924)	(1,580)
Net income/(expenses) from discharge in bankruptcy	8	10,758	(976)
Finance revenue (expenses)	9	(287)	(702)
Profit/(loss) before tax		5,547	(3,258)
Income tax	10	206	(238)
Profit/(loss) for continuing operations		5,753	(3,496)
Profit/(loss) for discontinued operations			
Profit/(loss) for the period		5,753	(3,496)
Profit/(loss) due to:			
Shareholders of the parent company		5,967	(3,202)
Non-controlling interests		(214)	(294)
EUR	Notes	FY2022	FY2021
Basic earnings per ordinary share	11	1.1244	(0.626)
Diluted earnings per ordinary share	11	1.1244	(0.626)

(*) According to Consob Resolution No. 15519 of July 27, 2006, the effects of relations with related parties 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. 33.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

Consolidated Comprehensive Income Statement

€thousand	Notes	FY2022	FY2021
Profit/(Loss) for the period (A)		5,753	(3,496)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:			
Profit/(loss) on cash flow hedges	21	442	133
Profit/(loss) on translation of financial statements of foreign companies	21	448	1,083
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss	21	(107)	(32)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		783	1,184
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:			
Actuarial gains/(losses) on defined benefit plans	21	238	(79)
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	21	(57)	19
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		181	(60)
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		964	1,124
Total comprehensive profit/(loss) of the period (A)+(B)		6,717	(2,372)
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		6,931	(2,126)
Non-controlling interests		(213)	(246)

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

Consolidated statement of financial statement (*)

€thousand	Notes	31 December 2022	31 December 2021
ASSETS			
Property, plant and equipment	12	9,327	10,027
Intangible fixed assets	13	999	1,569
Equity investments	14	16	16
Other non-current financial assets	15	290	
Other non-current receivables and assets	16	23	206
Deferred tax assets	10	968	1,236
TOTAL NON-CURRENT ASSETS		11,624	13,054
Inventory	17	10,133	12,823
Trade receivables	18	5,799	7,395
Current taxes receivable	19	417	400
Other current receivables and assets	19	1,164	1,533
Cash and cash equivalents	20	4,869	5,267
TOTAL CURRENT ASSETS		22,381	27,419
TOTAL ASSETS		34,005	40,473
LIABILITIES			
SHAREHOLDERS' EQUITY:			
Share capital and reserves attributable to shareholders of parent company		5,966	(2,333)
Non-controlling interests		383	596
TOTAL CONSOLIDATED EQUITY	21	6,349	(1,737)
Other non-current payables and liabilities	22	71	257
Termination benefits	23	1,961	2,188
Deferred tax liabilities	10	169	521
Provisions for risks and charges	28		31
Other non-current financial liabilities	24		158
Non-current financial liabilities	25	6,384	6,450
TOTAL NON-CURRENT LIABILITIES		8,585	9,605
Current financial liabilities	25	1,879	7,354
Trade payables	26	5,503	11,220
Current taxes payable	27	1,542	1,107
Other current payables and liabilities:	27	8,180	12,229
Provisions for risks and charges	28	1,967	695
TOTAL CURRENT LIABILITIES		19,071	32,605
TOTAL LIABILITIES		34,005	40,473

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties 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. 33.

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

Consolidated Statement of Cash Flows (*)

€thousand	2022	2021
A) Cash and cash equivalents at beginning of period	3,168	2,784
B) Cash from/(used in) operating activities during the period		
Profit/(loss) for the period	5,753	(3,496)
Depreciation, amortisation and write-downs of tangible and intangible assets	2,136	1,933
Net loss (gain) on disposal of tangible assets	(53)	(25)
Contingent asset from discharge in bankruptcy	(11,572)	
Net change in provision for termination benefits	(227)	74
Net change in provisions for risks and charges	1,241	(4)
Net change (assets) liabilities for (pre-paid) deferred taxes	(84)	214
Net change in working capital:		
receivables	2,133	(3,817)
inventory	2,690	902
payables (**)	(1,224)	4,803
Total	793	584
C) Cash from/(used in) investing activities		
Investments in		
tangible fixed assets	(94)	(30)
intangible fixed assets	(204)	(56)
Proceeds from the sale of:		
tangible fixed assets	67	29
Total	(231)	(57)
D) Cash from/(used in) financing activities		
New loans	320	210
Loans paid (***)	(1,009)	(1,118)
Change in capital and reserves	1,884	(48)
Net change in other current and non-current financial assets and liabilities	(448)	(133)
Total	747	(1,090)
Currency translation differences	378	947
E) Net change in cash and cash equivalents	1,687	384
F) Cash and cash equivalents at year end	4,855	3,168
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	4,869	5,267
Overdrawn bank accounts	(13)	(2,099)
	4,855	3,168

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

(**) of which €0 thousand in taxes paid

(***) of which €275 thousand in interest paid

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

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 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)
Change in percentage of ownership												
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)
Allocation of result				(3,202)					3,202			
Issue of shares	2,000		(573)							1,427		1,427
Comprehensive result for the period					335	448	181		5,967	6,931	(213)	6,717
Other changes				(59)						(59)		(59)
Balance at 31 December 2022	7,123	(45)	667	(10,796)	218	2,680	(60)	213	9,169	5,966	383	6,349

**FIDIA GROUP: Consolidated Financial Statements at 31
December 2022**
**Consolidated Income Statement as per Consob Resolution
no. 15519 of 27 July 2006**

€thousand	Notes	FY2022	Of which related parties	FY2021	Of which related parties
Net sales	1	24,366		23,837	
Other revenues and income	2	1,487		1,444	
Total revenues		25,852		25,281	
Changes in inventories of finished goods and work in progress		(1,246)		(1,247)	
Raw materials	3	(8,329)	(7)	(7,061)	(7)
Personnel expenses	4	(10,578)	(183)	(10,338)	(398)
Other operating costs	5	(8,326)	(141)	(6,217)	(99)
Depreciation, amortisation and write-downs	6	(2,297)		(1,998)	
Profit/(loss) from ordinary business		(4,924)		(1,580)	
Non-recurring income/(expenses)	7				
Operating profit/(loss)		(4,924)		(1,580)	
Net income/(expenses) from discharge in bankruptcy	8	10,758		(976)	
Finance revenue (expenses)	9	(287)		(702)	
Profit/(loss) before tax		5,547		(3,258)	
Income tax	10	206		(238)	
Profit/(loss) for continuing operations		5,753		(3,496)	
Profit/(loss) for discontinued operations					
Profit/(loss) for the period		5,753		(3,496)	
Profit/(loss) due to:					
Shareholders of the parent company		5,967		(3,202)	
Non-controlling interests		(214)		(294)	

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

Consolidated statement of financial statement

as per Consob Resolution no. 15519 of 27 July 2006

€thousand	Notes	31 December 2022	Of which related parties	31 December 2021	Of which related parties
ASSETS					
Property, plant and equipment	12	9,327		10,027	
Intangible fixed assets	13	999		1,569	
Equity investments	14	16		16	
Other non-current financial assets	15	290			
Other non-current receivables and assets	16	23		206	
Deferred tax assets	10	968		1,236	
TOTAL NON-CURRENT ASSETS		11,624		13,054	
Inventory	17	10,133		12,823	
Trade receivables	18	5,799		7,395	
Current taxes receivable	19	417		400	
Other current receivables and assets	19	1,164	27	1,533	16
Cash and cash equivalents	20	4,869		5,267	
TOTAL CURRENT ASSETS		22,381		27,419	
TOTAL ASSETS		34,005		40,473	
LIABILITIES					
SHAREHOLDERS' EQUITY:					
Share capital and reserves attributable to shareholders of parent company		5,966		(2,333)	
Non-controlling interests		383		596	
TOTAL CONSOLIDATED EQUITY	21	6,349		(1,737)	
Other non-current payables and liabilities	22	71		257	
Termination benefits	23	1,961		2,188	
Deferred tax liabilities	10	169		521	
Provisions for risks and charges	28			31	
Other non-current financial liabilities	24			158	
Non-current financial liabilities	25	6,384		6,450	
TOTAL NON-CURRENT LIABILITIES		8,585		9,605	
Current financial liabilities	25	1,879		7,354	
Trade payables	26	5,503	2	11,220	2
Current taxes payable	27	1,542		1,107	
Other current payables and liabilities:	27	8,180	379	12,229	359
Provisions for risks and charges	28	1,967		695	
TOTAL CURRENT LIABILITIES		19,071		32,605	
TOTAL LIABILITIES		34,005		40,473	

FIDIA GROUP: Consolidated Financial Statements at 31 December 2022

Statement of Cash Flows

as per Consob Resolution no. 15519 of 27 July 2006

€thousand	2022	Of which related parties	2021	Of which related parties
A) Cash and cash equivalents at beginning of period	3,168		2,784	
B) Cash from/(used in) operating activities during the period				
Profit/(loss) for the period	5,753		(3,496)	
Depreciation, amortisation and write-downs of tangible and intangible assets	2,136		1,933	
Net loss (gain) on disposal of tangible assets	(53)		(25)	
Contingent asset from discharge in bankruptcy	(11,572)			
Net change in provision for termination benefits	(227)		74	
Net change in provisions for risks and charges	1,241		(4)	
Net change (assets) liabilities for (pre-paid) deferred taxes	(84)		214	
Net change in working capital:				
receivables	2,133	(11)	(3,817)	(3)
inventory	2,690		902	
payables (*)	(1,224)	20	4,803	145
Total	793		584	
C) Cash from/(used in) investing activities				
Investments in				
tangible fixed assets	(94)		(30)	
intangible fixed assets	(204)		(56)	
Proceeds from the sale of:				
tangible fixed assets	67		29	
Total	(231)		(57)	
D) Cash from/(used in) financing activities				
New loans	320		210	
Loans paid (**)	(1,009)		(1,118)	
Change in capital and reserves	1,884		(48)	
Net change in other current and non-current financial assets and liabilities	(448)		(133)	
Total	747		(1,090)	
Currency translation differences	378		947	
E) Net change in cash and cash equivalents	1,687		384	
F) Cash and cash equivalents at year end	4,855		3,168	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	4,869		5,267	
Overdrawn bank accounts	(13)		(2,099)	
	4,855		3,168	

(*) of which €38 thousand in taxes paid

(**) of which €275 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 2022 was authorised by the Board of Directors on April 3rd 2023. 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 the reporting date and business outlook

The Group ended the year with a net profit of €6.0 million, which includes a net loss attributable to minority interests of €0.2 million. This result was mainly due to the discharge in bankruptcy arising from the arrangement, while the operating loss from ordinary operations was €4.9 million.

This result was related to insufficient new orders, as a result of a general tension in some of the markets in which the Group operates, but also to a level of efficiency in need of improvement, which has started in early 2023.

The net financial position improved markedly from a debt of €19.0 million at 31 December 2021 to a debt of €7.4 million at 31 December 2022.

The Fidia crisis

As already discussed in the past, 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.

During 2022, 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 Covid19 health emergency

The outbreak of Covid19 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 economic and financial effects related to Covid19, the Company continued to record the negative effects resulting from the pandemic also in 2022, especially because of the continuous lockdowns imposed by the Chinese government.

These events have had in very negative impact at the commercial level, which is being overcome only now in early 2023.

Actions taken by the Company to tackle the Group crisis

In 2022, the Parent 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 years 2020-2024 in order to reflect the effects of Covid19 in 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 Covid19 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 Covid19 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 ("Negma"), 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 maintaining direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law by pursuing financial and equity consolidation to be implemented, in short, through the release of new resources from third-party investors ("Investors"), who have made a binding and irrevocable offer, which, in a nutshell, provides for:
 - the 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. ("FAIBIDCO UNO SRL" now in Liquidation);
 - an increase in the share capital of FAIBIDCO UNO SRL in the amount of €4,132,413, 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;
- the execution of an overall capital increase in Fidia with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:
 - €2,000,000, to be reserved for subscription in cash by FAIBIDCO UNO SRL now in Liquidation;
 - €10,000,000 to be allocated for the conversion of the POC subscribed by Negma;
 - €2,000,000 to service the possible exercise of warrants.
 - 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 with the only practically feasible alternative, i.e., bankruptcy.

On 19 May 2022, following the vote by creditors, 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 approved the arrangement as a going concern approved by the creditors and then ordered the Company to carry out the provisions under the arrangement plan proposal.

On 18 November 2022, in execution of the plan and proposed arrangement, the Company's previously convened ordinary and extraordinary shareholders' meeting was held on 3 November 2022, at which the following was resolved:

- the approval of the financial statements at 31 December 2021, together with the Directors' Report for the year 2021, the report of the Board of Statutory Auditors and the Independent Auditors, the presentation of the Consolidated Financial Statements at 31 December 2021, and the report on corporate governance and ownership structure pursuant to Article 123bis of the Consolidated Finance Act;
- the approval of the report on remuneration policy and compensation paid pursuant to Article 123 ter of Legislative Decree No. 58 of 24 February 1998;
- the approval of the proposed adoption of instrumental and preparatory measures of the arrangement plan, namely:
 - the issuance of a bond convertible into Fidia shares cum warrants in the total amount of €10,000,000.00, to be issued in one or more tranches, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code as it is intended for Negma, and the related increase in share capital pursuant to Article 2420bis, paragraph 2, of the Italian Civil Code, in tranches, with the exclusion of option rights, pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of €10,000,000.00 to service the conversion of the convertible bond;
 - the issuance of warrants to be assigned free of charge to the subscribers of the convertible bond loan and the related increase in share capital, in tranches and for cash, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the aforementioned warrants for a maximum amount of €10,000,000.00;

- a paid capital increase, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, in the total amount of €2,000,000.00, to be carried out in tranches and reserved for subscription to FAIBIDCO UNO SRL now in Liquidation;
- the approval of the Half-Year Financial Statements at 30 June 2022 of the Fidia Group.

Subsequently, and precisely on 23 November 2022, FAIBIDCO UNO SRL now in Liquidation - having taken note of the execution of the capital increase previously resolved - executed the capital increase resolved by Fidia, thus proceeding to pay the total sum of €2,000,000.00 into the current account opened in the Company's name. At the same time, the Company and Negma finalised and finally approved the regulation for the issuance of the convertible bond, which governs the timing and manner of issuance and conversion of the various tranches of the bond.

On 28 November 2022, as provided for in the arrangement proposal, Fidia then made the first distribution in favour of its creditors for predeductible debts, subject to the disclosure and issue of a favourable opinion by the Proceedings Bodies.

Following the completion of the approved capital increase, on 21 December 2022 Fidia obtained Consob's authorisation for the publication of the prospectus aimed at the admission to trading of newly issued shares resulting from the capital increase approved in implementation of the arrangement plan, thus enabling the start of market trading of newly issued shares as of 1 January 2023.

Lastly, in compliance with the decree of 22 June 2022, the Company has timely fulfilled its disclosure obligations for the post-approval period by preparing quarterly and semiannual periodic disclosures on 31 October 2022 and 31 January 2023.

Going concern assumption

As explained above, the Arrangement Plan is still in the execution phase and, in particular, at the date of preparation of these financial statements, the second phase of the investment transaction, underlying the Arrangement Plan, which provided for the issuance of the first tranche of the Bond in the amount of €2,000,000 and the subsequent subscription by Negma by 15 February 2023, has not yet been executed. In addition, the group's fiscal year 2022, although characterised by a slight increase in revenue (+2.2%) compared with the previous year, showed a negative operating income from ordinary operations of €4,924 thousand and a negative net financial position of €7,413 thousand.

Although the actions taken by the Directors have made it possible to partially contain the effects of the market crisis that has affected the Company, they have not yet been sufficient to ensure full recovery of the business.

Therefore, there is still uncertainty whether the provisions contained in the Arrangement Proposal will be met in the expected timeframe, with reference to the terms for subscription of the convertible bond set out therein, as well as whether the aforementioned milestones are not effectively achieved by the company and the group in terms of operational balance and consequently their ability to self-finance through operations. If this were the case, there would be the need to find additional financial resources.

Nevertheless, also taking into account Negma's confirmed commitment to continue investing to the extent necessary to cover the Company's and the Group's financial requirements 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 accordance with its terms.

Specifically, with reference to the short-term (next 12 months) cash needs of the Company and the Group, based on the flows processed for the period from January 2023 to March 2024, the Directors are confident that upon the successful completion of the issuance of the said bond loan, 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 2022, including the following:

- on 18 November 2022, the Board of Directors resolved to finalise the agreement governing the issuance of the Bonds and Warrants (the "Agreement") with the Underwriter to which the POC Regulation (the "POC Regulation") and the Warrant Regulation are attached;
- on 23 November 2022, Fai BidCo Uno therefore executed the capital increase resolved by Fidia, thus paying the total sum of €2,000,000;
- the business plan prepared by the Company for the period 2023-2027 envisages a recovery of volumes and profitability with the related benefits on cash flows, already evident in the first months of 2023, as confirmed by the size of the order backlog acquired in that period;
- during the current year, the Company has 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;

- negotiations have already been initiated for the possible granting of new self-liquidating lines of credit, aimed at financing the Company's and the Group's operational management, which, in a phase of business recovery, produces a physiological initial cash absorption, with possible financial strains in certain periods of the year.

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.

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 2022.

SIGNIFICANT ACCOUNTING STANDARDS

Principles for the presentation of the financial statements

The 2022 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 01/01/2022 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 with 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 27 July 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 relations with related parties 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 signification 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. Foreign exchange gain/(loss) 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 the translation of foreign currencies 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 depreciation and any impairment losses.

Plant and machinery were evaluated at purchase or production cost minus accrued depreciation 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 depreciated by applying the criterion and rates specified below.

Depreciation

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

Description	Depreciation rates
Buildings	5.00%
Lightweight constructions	5.00%
Generic and specific plants	12.50%
Machinery	6.67% / 15.00%
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%

Finance expenses

Finance expenses 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 finance expenses are recognised as an expense in the period in which they are incurred. Finance expenses include interest and other costs that an entity incurs to obtain funding.

IFRS 16

Lease agreements that 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;
 - 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 amortised 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 amortised 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 amortisation or the accrued loss in value. Amortisation of the asset starts when development is completed, and the asset is available for use. Development assets are amortised 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 non-current financial assets include the positive fair value of derivative financial instruments.

Other non-current receivables and assets comprised medium- to long-term loans and security deposits.

Current financial assets include trade and other current receivables and assets, and 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 amortised 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 amortised 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 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 B6.4.4B6.4.6);
 - the effect of credit risk does not override changes in value resulting from the economic relationship (see paragraphs B6.4.7B6.4.8);
 - 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 B6.4.9B6.4.11).

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 2022 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 amortised cost;
- financial instruments measured at fair value.

Financial assets and liabilities evaluated at amortised 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		
	2022	2021
1W		
1M	1.884%	0.583%
2M		
3M	2.196%	0.572%
6M	2.626%	0.546%
9 M		
12M	3.212%	0.501%
2 year	3.335%	0.317%
3 years	3.244%	0.165%
4 year	3.196%	0.084%
5 year	3.179%	0.018%
7 year	3.153%	0.092%
10 year	3.188%	0.273%
15 year	3.181%	0.482%
20 year	3.004%	0.552%
30 years	2.630%	0.498%

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 financial statement 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 latest reporting 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 by the Russia-Ukraine war - 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 2022, 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 2023-2026. 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 2022 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 12.34%, 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 2022.

Compared with the basic assumptions just described a sensitivity analysis on the results was also carried out compared with 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 3160 bps.

At the end of the test at 31 December 2022, the CGU's value in use was greater than its carrying amount of €5.4 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 2022

Accounting principles, amendments and interpretations adopted from 1 January 2022

Consistent with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), the IFRS standards in effect as from 1 January 2022 are outlined and briefly explained below.

- Onerous contracts - Costs of fulfilling a contract (amendment to IAS 37)

IAS 37 defines an onerous contract as one in which the unavoidable costs (costs that the Group has committed to under the contract) of fulfilling the obligations under the contract exceed the economic benefits expected to be received under the contract.

The amendments to IAS 37.68A clarify that costs directly related to the contract are:

- The incremental costs of contract performance, e.g., direct labour and materials; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

- Property, plant and equipment - Proceeds before intended use (amendments to IAS 16)

The amendment to IAS 16 prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use (e.g., proceeds from the sale of samples produced during the test phase of a production facility after its construction, but before the start of commercial production). Proceeds from the sale of these samples, together with production costs, are now recognised in profit or loss.

- Annual improvements to IFRS 2018-2020 (amendments to IFRS1, IFRS9, IFRS 16 and IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA);
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities;
- IAS 41: Taxation in Fair Value Measurements.

- References to the Conceptual Framework (amendments to IFRS 3)

In May 2020, the IASB published amendments to IFRS 3, which update a reference to the Conceptual Framework without changing the accounting requirements for business combinations.

The adoption of these amendments/interpretations did not affect the Consolidated Financial Statements at 31 December 2022.

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

There are a number of standards, amendments to standards and interpretations that have been issued by the IASB but will be effective in future accounting periods, which the Group has decided not to apply in advance.

The following amendments are effective as of the reporting period beginning on or after 1 January 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 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.
- 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.
- 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.

The Group is currently evaluating the impact of these new accounting standards and amendments. 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 January 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;
- On 27 November 2020, the IASB issued Amendments to IFRS 16 Lease Liability in a Sale and Leaseback to define how to apply paragraphs 3628 of IFRS 16 in the subsequent measurement of a lease liability in a sale and leaseback transaction. More specifically, the seller-lessee must determine "lease payments" or "revised lease payments" in such a way that no amount of profit or loss related to the right of use retained by the seller-lessee is recognised;
- On 31 October 2022, the IASB issued the "Amendments to IAS 1 Presentation of Financial Statements: non-current liabilities with covenants" to clarify what conditions must be met for the classification of a loan subject to a short-term covenant.

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 31.

CONSOLIDATION AREA

The Group Consolidated Financial Statements at 31 December 2022 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 2022	Size of equity investment 2021
Fidia GmbH, Dreiech - Germany	EUR		100%	100%
Fidia Co, Rochester Hill - U.S.A.	USD		100%	100%
Fidia Sarl, Emerainville – France	EUR		100%	100%
Fidia Iberica S.A., Zamudio, Spain	EUR		99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo - Brazil	Reals		99.75%	99.75%
Beijing Fidia M&E Co Ltd, Beijing - China	Rmb		100.00%	100.00%
Shenyang Fidia NC & Machine Company Ltd, Shenyang – China	Rmb		51.00%	51.00%
OOO Fidia, Moscow, Russian Federation	Rouble		100%	100%

There was no change in the consolidation area compared with 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 87.59% of total sales.

Revenue by geographical area (€thousand)	FY2022	%	FY2021	%
Italy	3,023	12.4%	1,882	7.9%
Europe	8,775	36.0%	9,490	39.8%
Asia	7,613	31.3%	5,764	24.2%
North and South America	4,924	20.2%	6,694	28.1%
Rest of the World	31	0.1%	7	0%
Total revenue	24,366	100%	23,837	100%

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

Revenues by line of business (€ thousand)	FY2022	%	FY2021	%
Numerical controls, drives and software	1,745	7.2%	1,519	6.4%
High-speed milling systems	13,004	53.4%	10,383	43.6%
After-sales service	9,617	39.5%	11,935	50.1%
Total revenue	24,366	100%	23,837	100%

2. OTHER REVENUES AND INCOME

This item comprises:

(€thousand)	FY2022	FY2021
Contributions for operating expenses	426	451
Contingent assets	36	37
Gain from tangible assets	53	28
Recovery of costs incurred	44	24
Insurance refunds	2	226
Release of warranty and other provisions	629	338
Other miscellaneous revenues and earnings	297	339
Total	1,487	1,444

Other revenues and income amounted to €1,487 thousand (€1,444 thousand in 2021), in line with the previous year.

This item includes €426 thousand (€451 thousand at 31 December 2021) 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 2022 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)	FY2022	FY2021
Production materials	6,228	4,744
Service materials	872	1,137
Consumables	48	44
Equipment and software	4	4
Packaging	126	161
Others	95	73
Change in inventory raw materials and consumables	956	899
Total	8,329	7,061

Consumption of raw materials and other materials recorded an increase of €1,268 thousand substantially related to the increase in revenue and purchase cost of raw materials.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €10,578 thousand versus €10,338 thousand of the year before and consist of:

(€thousand)	FY2022	FY2021
Wages and salaries	7,898	7,671
Social security charges	2,142	2,094
TFR	304	351
Other personnel expenses	234	222
Total	10,578	10,338

Personnel expenses were slightly up 2.3% from the previous year (equal to an increase of about €240 thousand) and the Group's workforce was on average about 12.6% lower.

The overall ratio of labour costs to the value of production is basically in line between the two periods, rising from 43.0% in 2021 to 42.9% in the current period.

The change recorded in 2022 in the number of employees, broken down by category, is illustrated below:

	31 December 2021	Inbound	Outbound	Change	31 December 2022	Period average
Executives	9	1	(1)		9	9
Office workers and middle managers	170	8	(27)	1	155	164
Workers	38		(1)	(1)	33	34
Total	217	9	29		197	207

5. OTHER OPERATING COSTS

Other operating costs of €8,326 thousand were up €2,109 thousand from €6,217 thousand at 31 December 2021; they are detailed in the table below:

(€thousand)	FY2022	FY2021
Outsourced work	883	521
Travel expenses	858	722
Transportation and customs	658	641
Rent paid for offices and plants (contracts not falling under IFRS16)	220	184
Technical, legal and administrative consulting	916	838
Utilities	461	390
Commissions	557	240
Car rental expenses	85	55
Warranty provisions	741	240
Other provisions	304	80
Auditors' emoluments	71	71
Insurance	326	336
Advertising, trade fairs and other commercial costs	1	2
Non-income taxes	388	194
Maintenance and housekeeping	218	128
Personnel-related expenses	142	139
Bank services	46	68
Motor vehicle management expenses	86	61
Bad debts	6	
Costs related to stock market listing	144	93
Costs for repairs and interventions	863	893
Research project costs	97	85
Entertainment expenses	29	4
Contributions and payments	32	37
Contingent liabilities	24	93
Penalties and surcharges	1	3
Others	169	99
Total	8,326	6,217

"Other operating costs" in the financial statements presented as at 31 December 2021 amounted to €7,193 thousand; this item was restated to €6,217 thousand for comparative purposes only by reclassifying €976 thousand (consulting costs for the arrangement procedure) under the item "Income (Expenses) from discharge in bankruptcy."

The increase from last year was mainly due to an increase in turnover-related costs (mainly outsourcing and commissions) and a significant increase in the warranty provision.

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

(€thousand)	FY2022	FY2021
Amortisation of intangible fixed assets	379	448
Depreciation of property, plant and equipment	1,361	1,474
Write-down of trade receivables	161	65
Write-down of intangible fixed assets	396	11
Total	2,297	1,998

Depreciation/amortisation 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 €396 thousand, represents the write-down of development costs capitalised in previous years and valued at their recoverable value.

7. NON-RECURRING REVENUE

There is no non-recurring revenue in 2022, as there was in 2021.

8. NET INCOME/(EXPENSE) FROM DISCHARGE IN BANKRUPTCY

€thousand	FY2022	FY2021
Contingent asset from discharge in bankruptcy	11,572	
Consulting costs for the arrangement procedure	(814)	(976)
Total	10,758	(976)

"Income (Expenses) from discharge in bankruptcy" in the financial statements presented as at 31 December 2021 was zero; it was restated at €976 thousand for comparative purposes only by reclassifying €976 thousand (consulting costs for the arrangement procedure) from the item "Other operating costs."

This item amounting to €17,052 thousand, €(976) thousand at 31 December 2021, shows the effects resulting from the arrangement approved on 22 June 2022, in particular the impact resulting from discharge in bankruptcy net of the associated arrangement costs. For more details, please refer to the Note "Fidia's Arrangement Procedure".

9. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

(€thousand)	FY2022	FY2021
Finance revenue	19	17
Finance expenses	(378)	(382)
Net profit (loss) on derivatives	5	
Profit (loss) from foreign currency transactions	67	(338)
Total	(287)	(702)

In the period 2022, the balance of finance revenue (expenses) was negative, amounting to €287 thousand (negative by €702 thousand in the previous period).

Finance revenue consists of:

(€thousand)	FY2022	FY2021
Interests received from banks	12	7
Other interests received	7	10
Total	19	17

Finance expenses consist of:

(€thousand)	FY2022	FY2021
Interest expense on loans from banks and leasing companies	(343)	(332)
Finance expenses on termination benefits	(29)	(2)
Other finance expenses	(6)	(49)
Total	(378)	(382)

Net profit and loss on derivatives:

(€thousand)	FY2022	FY2021
Finance income on derivative instruments for Fair Value adjustment		
fair value adjustment on IRS contract	5	
Total	5	

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)	FY2022	FY2021
Realised exchange gains	191	424
Unrealised exchange gains	100	152
Realised exchange losses	(167)	(647)
Unrealised exchange losses	(57)	(267)
Total	67	(338)

10. INCOME TAX

Taxes stated in the consolidated statement of comprehensive income were:

(€thousand)	FY2022	FY2021
Income tax: IRES and IRAP		
Income tax of foreign subsidiaries	39	12
Taxes relating to prior periods	4	(8)
Deferred tax assets	230	(203)
Deferred taxes	(479)	437
Total	(206)	238

At 31 December 2022, the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

(€thousand)	31 December 2022	31 December 2021
Deferred tax assets	968	1,235
Deferred tax liabilities	(169)	(521)
Total	799	714

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 31/12/2021	Recognise d in profit or loss	Recognised in equity	Other changes	Foreign exchange gain/(loss)	At 31/12/2022
Pre-paid taxes for:						
Application of IFRS 15	404	(404)				
Application of IAS 19	139	(23)				116
Application of IAS 16 <i>Property, plant and</i>	12	23				35
Loss from previous periods	279	(168)			(4)	107
Miscellaneous non- deductible provisions	281	252			5	538
Cash flow hedge reserve	37		(37)			
Miscellaneous	84	90			(2)	172
Total deferred tax assets	1,236	(230)	(37)		(1)	968
Deferred tax liabilities for:						
Application of IFRS 15	312	(312)				
Application of IAS 19				57		57
Fair value measurement	19	(5)				14
Cash flow hedge reserve				70		70
Miscellaneous	190	(162)				28
Total deferred taxes	521	(479)	127			169

In the period 2022, the parent company's tax loss carryforwards were zeroed out as, in compliance with current tax regulations, they were fully utilised in deduction of the contingent income resulting from the debt reduction set out in the arrangement plan.

There are no other tax losses for which deferred tax assets have not been set aside.

11. Earnings per share

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

		2022	2021
Net earnings pertaining to Group	€thousand	5,967	(3,202)
Profit/(loss) of ordinary shares	€thousand	5,967	(3,202)
Mean number of ordinary shares in circulation in the period	Number	6,932,141	5,113,000
Earning per share	EUR	1.1244	(0.626)
Diluted earnings per ordinary share	EUR	1.1244	(0.626)

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

12. PROPERTY, PLANT AND EQUIPMENT

During 2022 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 01/01/2022	9,341	199	484	2	10,027
Increases and acquisitions	352	18	237		607
Reclassifications/transfers					
Decreases and disposals			(14)	(2)	(16)
Depreciation	(988)	(110)	(263)		(1,361)
(Write-downs)/Write-backs					
Foreign exchange gain/(loss)	62	2	7		71
Net carrying amount at 31/12/2022	8,767	109	451		9,327
Of which rights of use:					
Net value at 31 December 2021	8,203		138		8,341
Increases	347		164		512
Net decreases					
Amortisation	(889)		(126)		(1,016)
Foreign exchange gain/(loss)	(7)				(7)
Net carrying amount at 31/12/2022	7,654		176		7,830

In 2022 and 2021 the changes in original cost of Property, Plant and Equipment were as follows:

(€thousand)	Opening balance at 31/12/2021			Changes in period					Balance at 31/12/2022
	Purchase cost	Revaluations	Total	Additions	Decreases	Net change in rights of use	Foreign exchange gain/(loss)	Total	
Land and buildings	13,063	380	13,443	5		183	57	245	13,688
Lightweight constructions	9		9						9
Total property	13,072	380	13,452	5		183	57	245	13,697
Plant and equipment	1,872		1,872	8	(100)		8	(84)	1,788
Industrial equipment	2,716		2,716	9	(80)			(71)	2,645
Electrical tools	982		982	1			2	3	985
Total plant, machinery and equipment	5,570		5,570	18	(180)		10	(152)	5,418
Furnishing	1,266		1,266	9			10	19	1,285
Electronic equipment	1,632		1,632	19			15	34	1,666
Means of transportation	1,631		1,631	43	(145)	(213)	18	(297)	1,334
Total other goods	4,529		4,529	71	(145)	(213)	43	(244)	4,285
Work in progress	2		2		(2)				
Total original cost of property, plant and equipment	23,173	380	23,553	94	(327)	(30)	110	(153)	23,400

(€thousand)	Opening balance at 31/12/2020				Changes in period						Balance at 31/12/2021
	Purchase cost	Revaluations	Total	First-time adoption IFRS 16	Balance at 01/01/2020	Additions	Decreases	Net change in rights of use	Foreign exchange gain/(loss)	Total	
Land and buildings	13,260		13,260	0	13,260			(26)	208	182	13,443
Lightweight constructions	9		9	0	9						9
Total property	13,269		13,269	0	13,269			(26)	208	182	13,452
Plant and equipment	1,990		1,990	0	1,990		(129)		11	(118)	1,872
Industrial equipment	2,684		2,684	0	2,684	4	(1)		29	32	2,716
Electrical tools	977		977	0	977		(3)		8	5	982
Total plant, machinery and equipment	5,651		5,651	0	5,651	4	(133)		48	(81)	5,570
Furnishing	1,251		1,251	0	1,251	1	(1)		16	16	1,266
Electronic equipment	1,712		1,712	0	1,712	9	(114)		25	(80)	1,632
Means of transportation	1,990		1,990	0	1,990	18	(175)	(254)	52	(359)	1,631
Total other goods	4,952		4,952	0	4,952	28	(290)	(254)	93	(423)	4,529
Work in progress	2		2	0	2						2
Total original cost of property, plant and equipment	23,874		23,874	0	23,874	32	(423)	(280)	349	(322)	23,553

In 2022 and 2021, the changes in the relevant accrued depreciation were the following:

(€thousand)	Opening balance at 01/01/2022	Changes in period						Closing balance at 31/12/2022
		Amortisation historical value		Amortisation of rights of use		Foreign exchange gain/(loss)	Total	
		Depr./Amort is.	Utilisations	Depr./Amort is.	Utilisations			
Land and buildings	4,104	99		889	(166)	(3)	819	4,923
Lightweight constructions	7							7
Total property	4,111	99		889	(166)	(3)	819	4,930
Plant and equipment	1,766	34	(100)			7	(58)	1,707
Industrial equipment	2,636	71	(80)			(1)	(10)	2,626
Electrical tools	970	5				2	7	977
Total plant, machinery and equipment	5,372	110	(180)			8	(62)	5,310
Furnishing	1,109	28				8	36	1,145
Electronic equipment	1,590	23				14	37	1,627
Means of transportation	1,345	114	(131)	98	(377)	12	(284)	1,061
Total other goods	4,044	165	(131)	98	(377)	34	(211)	3,833
Total accrued depreciation of property, plant and equipment	13,527	374	(311)	987	(543)	39	546	14,073

(€thousand)	Opening balance at 01/01/2021	Changes in period					Closing balance at 31/12/2021	
		Amortisation historical value		Amortisation of rights of use		Foreign exchange gain/(loss)		
		Depr./Amortis.	Utilisations	Depr./Amortis.	Utilisations			Total
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

The net carrying amount of Property, Plant and Equipment at 31 December 2022 can be broken down as follows:

(€thousand)	Opening balance at 31/12/2021	Changes in period							Closing balance 31/12/2022	
		Additions	Disposals	(Write-downs) Write-backs	Reclassifications	Depreciation	Net change in rights of use	Foreign exchange gain/(loss)		Total
Land and buildings	9,338	5				(988)	349	60	(574)	8,764
Lightweight constructions	3									3
Total property	9,341	5				(988)	349	60	(574)	8,767
Plant and equipment	106	8				(34)		3	(23)	83
Industrial equipment	81	9				(71)			(62)	19
Electrical tools	12	1				(5)		(1)	(5)	7
Total plant, machinery and equipment	199	18	(1)			(110)			(90)	109
Furnishing	157	9				(28)		2	(17)	140
Electronic equipment	42	19				(23)		1	(3)	39
Means of transportation	286	43	(14)			(212)	164	5	(14)	272
Total other goods	485	71	(14)			(263)	164	8	(34)	451
Work in progress	2		(2)						(2)	
Total net value of property, plant and equipment	10,027	94	(17)			(1,361)	513	70	(700)	9,327

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

(€thousand)	Opening balance at 31/12/2020	First-time adoption IFRS 16	Opening balance at 01/01/2021	Changes in period							Closing balance 31/12/2021	
				Additions	Disposals	(Write-downs) Write-backs	Reclassifications	Depreciation	Net change in rights of use	Foreign exchange gain/(loss)		Total
Land and buildings	10,115		10,115					(989)	96	116	(776)	9,338
Lightweight constructions	2		2									3
Total property	10,117		10,117					(989)	96	116		9,341
Plant and equipment	147		147		(1)			(42)		2	(41)	106
Industrial equipment	175		175	5				(99)			(94)	81
Electrical tools	18		18					(6)			(6)	12
Total plant, machinery and equipment	340		340	5	(1)			(147)		2	(141)	199
Furnishing	181		181	1				(28)		3	(24)	157
Electronic equipment	58		58	9	(1)			(25)		1	(16)	42
Means of transportation	528		528	18	(3)		(2)	(285)	21	9	(242)	286
Total other goods	767		767	28	(4)		(2)	(338)	21	13	(282)	485
Work in progress	2		2									2
Total net value of property, plant and equipment	11,226		11,226	33	(5)		(2)	(1,474)	117	131	(1,199)	10,027

Investments made in 2022, amounting to €94 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 2022, 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 capitalised finance expenses.

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.

Depreciation of tangible assets is reported in the statement of comprehensive income under "Depreciation and amortisation" (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 2022, please refer to the previous section "Recoverable amount of non-current assets."

13. INTANGIBLE FIXED ASSETS

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

In 2022 and 2021 the changes in net carrying amount of Intangible Assets were as follows:

(€thousand)	Opening balance at 01/01/2022	Changes in period					Closing balance at 31/12/2022
		Additions	Amortisation	Reclassifications	Foreign exchange gain/(loss)	(Write-down) Write-backs	
Development Costs	961		(368)	193		(175)	786
Licenses	1	19	(2)			17	18
Software	18	40	(9)		1	32	50
Work in progress	589	145		(193)		(396)	145
Total net value of intangible fixed assets	1,569	204	(379)		1	(396)	999

(€thousand)	Opening balance at 01/01/2021	Changes in period					Closing balance at 31/12/2021
		Additions	Amortisation	Reclassifications	Foreign exchange gain/(loss)	(Write-down) Write-backs	
Development Costs	1,299		(433)	95		(338)	961
Licenses	2		(1)			(1)	1
Software	22	10	(15)			(5)	18
Work in progress	648	47		(95)		(11)	589
Total net value of intangible fixed assets	1,972	57	(449)			(11)	1,569

Development costs incurred and capitalised at 31 December 2022 amounted to €786 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.

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

During 2022, €396 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 2022 on the net invested capital of Fidia SpA (refer to the section "Recoverable value of non-current assets"), there are no further impairments.

14. EQUITY INVESTMENTS

Equity investments are as follows:

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
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 2022	Balance at 31 December 2021
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 2022	31 December 2021
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.

15. OTHER NON-CURRENT FINANCIAL ASSETS

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 Fidia S.p.A.

(€thousand)	31 December 2022		31 December 2021	
	Notional amount	Fair value	Notional amount	Fair value
<i>Cash Flow Hedge</i>				
Interest rate risk - INTESA Interest Rate Swap	2,629	290		
Total		290		

16. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

(€thousand)	Balance 31 December 2022	Balance 31 December 2021
Security deposits	12	166
Receivables for foreign VAT	11	19
Multi-year pre-paid expenses		5
Sundry receivables		16
Total	23	206

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

17. INVENTORY

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

(€thousand)	Balance 31 December 2022	Balance 31 December 2021
Raw/auxiliary materials and consumable supplies	8,958	9,582
Provisions for write-down of raw materials	(3,696)	(3,334)
Net value of raw materials, subsidiary materials and consumables	5,262	6,248
Semi-finished products and work in progress	1,778	2,036
Finished products and goods for resale	3,799	4,169
Finished products and goods depreciation provision	(991)	(657)
Net value finished products and goods	2,808	3,511
Advances	285	1,028
Total inventory	10,133	12,823

Inventory show a decrease of €2,690 thousand compared with last year resulting from increased turnover.

The provisions for depreciation equivalent to €4,687 thousand (€3,991 thousand at 31 December 2021) 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 2021	Provisions/(release)	Exchange rate effect	Balance 31 December 2022
Provisions for write-down of raw materials	3,334	395	(33)	3,696
Provisions for write-down of finished products	657	309	25	991
Total	3,991	704	(8)	4,687

18. TRADE RECEIVABLES

At 31 December 2022 these amounted to €5,799 thousand, a net decrease of €1,596 thousand from 31 December 2021. Trade receivables are detailed as follows:

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
Trade receivables from customers	7,155	8,650
Provision for bad debts	(1,356)	(1,255)
Total trade receivables	5,799	7,395

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

(€thousand)	31 December 2022	31 December 2021
Unexpired	3,967	1,532
Due up to 1 month	345	3,155
Due 1 to 3 months	801	644
Due 3 months to 6 months	150	1,241
Due 6 months to 1 year	113	157
Due over 1 year	1,779	1,921
Total	7,155	8,650

Receivables were aligned at the expected realisable amount by means of allocations to the provisions for write-down of receivables equal to €161 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 €284 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 2021	1,255
Provisions in period	161
Utilisations	(59)
Foreign exchange gain/(loss) and other changes	(1)
Balance at 31 December 2022	1,356

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

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
Italy	1,210	518
Europe	2,497	2,016
Asia	2,430	4,571
North and South America	999	1,521
Rest of the World	19	24
Total	7,155	8,650

19. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
Current tax receivables:		
Receivables from tax authorities for VAT	55	44
Tax receivables for income tax and IRAP	114	109
Other tax receivables	248	247
Total current tax receivables	417	400
Other current receivables:		
Research grants	137	12
Receivables from banking institution for undue compensation	331	331
Receivables from welfare organizations	116	120
Sundry prepayments	181	149
Pre-paid expenses	11	10
Receivables from employees	252	269
Advances from suppliers	132	604
Other current receivables	4	38
Total other current receivables	1,164	1,533

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.

20. CASH AND CASH EQUIVALENTS

The overall total of cash of the Group amounted to €4,869 thousand (€5,267 thousand at 31 December 2021). This item is composed of temporary cash on bank accounts pending future use amounting to €4,865 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.

21. SHAREHOLDERS' EQUITY

The consolidated shareholders' equity at 31 December 2022 amounted to €6,349 thousand, up €8,086 thousand from €1,737 thousand at 31 December 2021. This difference is the result of:

- profit for the period (€5,753 thousand);
- share capital increase (€2 million) and subsequent reduction of the share premium reserve due to the accounting of expenses incurred for the capital increase (€573 thousand);
- positive changes in exchange rates due to translation of financial statements of subsidiaries denominated in currencies other than EUR (€448 thousand);
- positive effect of the accounting of actuarial change on the termination benefits net of the theoretical tax effect (€181 thousand);
- positive effect of the cash flow hedge reserve net of the theoretical tax effect (€335 thousand);
- other minor negative changes (€59 thousand).

Share capital

The share capital of Fidia S.p.A. at 31 December 2022, fully subscribed and paid up, shows the new composition of the share capital as a result of the full subscription of the capital increase reserved for Fai Bidco Uno S.r.l. now in liquidation, for a total amount of €2,000,000.00 with the issuance of 1,819,141 ordinary shares, having the same characteristics as the outstanding ordinary shares. As a result of the said transaction, the share capital amounts to a total of €7,123,000.00, divided into 6,942,141 ordinary shares with no indication of par value because by a resolution of the Ordinary and Extraordinary Shareholders' Meeting of 18 November 2022, it was decided to eliminate the par value of these shares.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2020 and the number of circulating shares at 31 December 2022:

	At 31 December 2020	Increase in share capital	(Purchas es)/sales of treasury shares	At 31 December 2021	Increase in share capital	(Purchas es)/sales of treasury shares	At 31 Decembe r 2022
Ordinary shares issued	5,123,000			5,123,000	1,819,141		6,942,141
Minus: Treasury shares	10,000			10,000			10,000
Circulating ordinary shares	5,113,000			5,113,000	1,819,141		6,932,141

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.

In 2022, the share premium reserve was reduced by €573 thousand compared with 31 December 2021, due to the recognition of costs incurred for the share capital increase and amounted to €667 thousand.

Retained Earnings

Retained Earnings comprised:

- the legal reserve of Fidia S.p.A., amounting to €883 thousand at 31 December 2022, was unchanged compared with the previous year;
- earnings carried forward in the amount of (€11,679) thousand at 31 December 2022 (€8,417) thousand at 31 December 2021.

Other profit/(loss)

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

(€thousand)	31 December 2022	31 December 2021
Gains/(losses) on cash flow hedge instruments generated in the period	442	133
Profit/(loss) on cash flow hedge reclassified in profit or loss		
Profit/(loss) on cash flow hedge	442	133
Profit/(loss) on translation of financial statements of foreign companies in the period	448	1,083
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	448	1,083
Actuarial profit/(loss) on defined benefit plans (termination benefits) in the period	238	(79)
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)	238	(79)
Tax effect for Other components of statement of comprehensive income	(164)	(13)
Total Other profit/(loss), net of tax effect	964	1,124

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

(€thousand)	31 December 2022			31 December 2021		
	Gross value	Tax (expense)/benefit	Net value	Gross value	Tax (expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	442	(107)	335	133	(32)	101
Profit/(loss) on translation of financial statements of foreign companies	448		448	1,083		1,083
Actuarial gains/(losses) on defined benefit plans	238	(57)	181	(79)	19	(60)
Total other profit/(loss)	1,128	(164)	964	1,137	(13)	1,124

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 2022, the cash flow hedge provisions registered the following changes:

Type of financial instrument (€thousand)

	Nature of hedged risk	Opening balance 1.1. 2022	Increases	Decreases	CFH reserve released to profit or loss	Closing balance at 31/12/2022
<i>Interest rate swap</i>	Interest rate risk	(117)	335			218
Total		(117)	335			218

Non-controlling interests

Non-controlling interests in the amount of €383 thousand (€596 thousand at 31 December 2021) refer to the following consolidated companies with the line-by-line method:

(€thousand)	% non-controlling interests 2022	% non-controlling interests 2021	Balance 31 December 2022	Balance 31 December 2021
Fidia do Brasil Ltda	0.25%	0.25%	(1)	(1)
Shenyang Fidia NC&M Co., Ltd	49%	49%	384	597
Fidia Iberica S.A.	0.01%	0.01%		
Total			383	596

22. OTHER NON-CURRENT PAYABLES AND LIABILITIES

(€thousand)

	Balance at 31 December 2022	Balance at 31 December 2021
Advances for research projects	15	177
Payables to employees	52	62
Long-term deferred income and other payables	4	18
Total	71	257

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.

23. 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 2022	2,188
Amount accrued and allocated in year	304
Benefits paid out in year	(16)
Amount transferred to State Fund and complementary pension scheme	(283)
Finance expenses on termination benefits	29
Accounting of actuarial losses	(238)
Substitute tax	(23)
Balance at 31 December 2022	1,961

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 21).

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 €29 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 31 December 2022	At 31 December 2021
Discount rate	EUR Composite AA curve	EUR Composite AA curve
Future inflation rate	2.30%	1.75%
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 2022
1	3.25%
2	3.55%
3	3.59%
4	3.66%
5	3.71%
6	3.72%
7	3.71%
8	3.71%
9	3.71%
10	3.73%
11	3.82%
12	3.73%
13	3.25%
14	3.55%
15 +	3.59%

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 2022
+0.25% inflation rate	1,979
0.25% inflation rate	1,948
+0.25% discount rate	1,940
0.25% discount rate	1,963
+1% turnover rate	1,968
1% turnover rate	1,957

Service cost and duration

Service cost pro-future	0.00
Duration of the plan	5.7

Future plan disbursements (€thousand)

Years	Planned disbursements
1	358
2	125
3	291
4	263
5	75

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 2022.

	Ipotesi di Base	Variazioni delle Ipotesi di Base											
		0,55%	1,05%	63,00%	77,00%	2,70%	3,30%	2,70%	3,30%	2,70%	3,30%		
Tasso d'inflazione proiettato	Curva												
Incidenza media dell'anticipo sul TFR maturato inizio anno	70,00%												
Tasso di richiesta di anticipo: Dirigente	3,00%												
Tasso di richiesta di anticipo: Quadro	3,00%												
Tasso di richiesta di anticipo: Impiegato	3,00%												
Tasso di richiesta di anticipo: Operaio	3,00%												
Tasso di richiesta di anticipo: Apprendista	3,00%												
Tasso di attualizzazione	Curva												
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											
Società													
Fidia S.p.A.	1.963.163	-0,94%	0,96%	0,04%	-0,04%	0,33%	-0,32%	0,20%	-0,31%	0,27%		-0,25%	

(*) amounts in EUR

24. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item was zeroed at 31 December 2022 because 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 Fidias S.p.A. became positive.

(€thousand)	31 December 2022		31 December 2021	
Cash Flow Hedge	Notional amount	Fair value	Notional amount	Fair value
Interest rate risk - INTESA Interest Rate Swap			2,815	158
Total				158

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.

25. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €8,263 thousand and are specified in detail in the following tables.

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
Overdrawn bank accounts and advances	255	2,099
Financial accruals and deferrals		23
Loan - ISP "3.500" (short-term portion)	35	350
Loan - BNL "2.500" (short-term portion)	289	525
Loan - ISP "3.000" (medium/long-term portion and short-term portion)	110	1,075
Loan - BPM "1.500" (medium/long-term portion and short-term portion)	66	650
UNICREDIT loan (Plafond Supercash Rotativo)	54	543
Loan - ISP "1.500" (medium/long-term portion and short-term portion)	64	627
BNL loan (short term)	56	556
Société Générale loan (medium/long-term portion and short-term portion)	69	75
Banque CIC Est. loan (medium/long-term portion and short-term portion)	70	75
Banco Santander loan (medium/long-term portion and short-term portion)	196	225
PNC Bank loan (medium/long-term portion and short-term portion)	806	805
PPP Loan		244
Loans and financial liabilities with credit institutions	2,070	7,872
Mediocredito Italiano (Forli' property lease)	4,360	4,590
Due to Mediocredito for accrued interest	63	
San Mauro Torinese property lease (IFRS16)	1,022	648
FIDIA GMBH property lease (IFRS16)	125	182
FIDIA SARL property lease (IFRS16)	274	18
FIDIA BEIJING property lease (IFRS16)	168	370
FIDIA do BRASIL property lease (IFRS16)	3	3
Car leases Italy (IFRS16)		78
Foreign car leases (IFRS16)	53	30
Lease - Volkswagen Bank	32	
Lease - Skoda Bank	5	13
Lease - Banco ITAUCARD	7	
Lease - Commerz Real	81	
Liabilities for leases	6,193	5,932
Total	8,263	13,804

(€thousand)	By 1 year	By 5 years	Beyond 5 years	Total
Overdrawn bank accounts and other short-term advances	13	242		255
Medium-to-long term bank loans	266	299		565
Short-term loans		110		110
Loans and financial liabilities with credit institutions	133	1,007		1,140
Mediocredito Italiano (Forli' property lease)	400	1,655	2,368	4,423
San Mauro Torinese property lease (IFRS16)	756	266		1,022
FIDIA GMBH property lease (IFRS16)	59	66		125
FIDIA SARL property lease (IFRS16)	20	110	144	274
FIDIA BEIJING property lease (IFRS16)	168			168
FIDIA do BRASIL property lease (IFRS16)	3			3
Foreign car leases (IFRS16)	17	36		53
Lease - Volkswagen Bank	11	21		32
Lease - Skoda Bank	5			5
Lease - Banco ITAUCARD	3	4		7
Lease - Commerz Real	25	56		81
Total	1,879	3,872	2,512	8,263

The standstill agreement, from which the Parent Company had benefited, signed with credit institutions in early April 2020 and extended until the end of 2020, which had entailed the suspension of the repayment of the principal amounts of the relevant loans, must now be considered definitively terminated given that the current arrangement proceedings have superseded any other agreement previously reached with third parties (in this case, the creditor banks).

In the area of financial payables, the BNL Loan "2.500" has been recognised as a preferential debt since it is backed by a guarantee issued by SACE for 50% of the exposure, which upon enforcement will automatically acquire the right to recourse against the company being in default. The amount of €263 thousand was recognised as a preferential debt, based on the request received from SACE, and must be repaid by 30 June 2023. The remaining part, amounting to €26 thousand, must be repaid with the other unsecured debts by 29 February 2024.

The remaining financial debts to credit institutions, amounting to approximately €628 thousand, are to be repaid by the parent company by the end of February 2024 as stipulated in the arrangement plan.

The main features of the loans taken out by group companies are as follows:

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

Original amount	€75 thousand
Residual amount	€69 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
Residual amount	€70 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
Residual amount	€196 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%
<u>PNC Bank loan (medium/long-term portion and short-term portion)</u>	
Original amount	\$1 million
Outstanding amount	€806 thousand (\$858 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%
<u>Property lease - Mediocredito Italiano - line 1</u>	
Original amount	€5,598 thousand
Major instalment	€1,260 thousand
Residual amount	€3,096 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
<u>Property lease - Mediocredito Italiano - line 2</u>	
Original amount	€1,000 thousand
Major instalment	€400 thousand
Residual amount	€448 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
<u>Property lease - Mediocredito Italiano - line 3</u>	
Original amount	€1,802 thousand
Major instalment	€722 thousand
Residual amount	€816 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.	
<u>IFRS16 - San Mauro Torinese property</u>	
Original amount	€1,122 thousand
Residual amount	€1,022 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia GmbH property</u>	
Original amount	€287 thousand
Residual amount	€125 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia Sarl property</u>	
Original amount	€280 thousand
Residual amount	€274 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Beijing Fidia building</u>	
Original amount	€901 thousand
Residual amount	€168 thousand
Date of first adoption	01/01/2019
<u>IFRS16 - Fidia do Brasil property</u>	
Original amount	€41 thousand
Outstanding amount	€3 thousand
Date of first adoption	01/01/2019

IFRS16 - Fidia Sarl Vehicles

Original amount	€67 thousand
Residual amount	€24 thousand
Date of first adoption	01/01/2019

IFRS16 - Fidia Iberica Vehicles

Original amount	€38 thousand
Residual amount	€29 thousand
Date of first adoption	01/01/2019

Lease No. 6 - Skoda Bank Germany

Original amount	€32 thousand
Residual amount	€5 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%

Lease - Volkswagen Bank

Original amount	€39 thousand
Residual amount	€32 thousand
Date of loan	17/09/2022
Term	Loan due date 17/08/2025
Repayment	36 monthly instalments (17/09/2022 to 17/08/2025)
Interest rate	4.99%

Lease - Banco ITAUCARD

Original amount	€8 thousand
Residual amount	€7 thousand
Date of loan	01/10/2022
Term	Loan due date 01/09/2024
Repayment	24 monthly instalments (01/10/2022 to 01/09/2024)
Interest rate	17.18%

Lease - Commerz Real

Original amount	€36 thousand
Residual amount	€35 thousand
Date of loan	01/12/2022
Term	Loan due date 30/11/2025
Repayment	36 monthly instalments (01/12/2022 to 30/11/2025)
Interest rate	3.05%

Lease - Commerz Real

Original amount	€47 thousand
Residual amount	€46 thousand
Date of loan	01/12/2022
Term	Loan due date 30/11/2025
Repayment	36 monthly instalments (01/12/2022 to 30/11/2025)
Interest rate	3.05%

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 01/01/2022	New loans	Repayments	Write-off for discharge in bankruptcy	Balance at 31/12/2022
Loan - ISP "3.500" (short-term portion)	350			(315)	35
Loan - BNL "2.500" (short-term portion)	525			(236)	289
Loan - ISP "3.000" (medium/long-term portion and short-term portion)	1,075			(965)	110
Loan - BPM "1.500" (medium/long-term portion and short-term portion)	650			(584)	66
UNICREDIT loan (Plafond Supercash Rotativo)	543			(489)	54
Loan - ISP "1.500" (medium/long-term portion and short-term portion)	627			(563)	64
Short-term BNL loan	556			(500)	56
Société Générale loan (medium/long-term portion and short-term portion)	75		(6)		69
CIC loan (part medium/long term and part short term)	75		(5)		70
Banco Santander loan (medium/long-term portion and short-term portion)	225		(29)		196
PNC Bank loan (medium/long-term portion and short-term portion) (*)	805	50	(50)		805
PPP Loan	244		(244)		
Loans and financial liabilities with credit institutions	5,750	50	(334)	(3,652)	1,814
Mediocredito Italiano (Forlì property lease)	4,590		(230)		4,360
San Mauro Torinese property lease (IFRS16) (**)	648	373			1,021
FIDIA GMBH property lease (IFRS16)	182		(57)		125
FIDIA SARL property lease (IFRS16)	18	280	(24)		274
FIDIA BEIJING property lease (IFRS16)	370		(202)		168
FIDIA do BRASIL property lease (IFRS16) (*)	3				3
FIDIA SHENYANG property lease (IFRS16)		47	(47)		
Car leases Italy (IFRS16)	78		(78)		
Foreign car leases (IFRS16)	30	42	(19)		53
Lease - Volkswagen Bank		38	(6)		32
Lease - Skoda Bank	13		(8)		5
Lease - Banco ITAUCARD		8	(1)		7
Lease - Commerz Real		84	(3)		81
Liabilities for leases	5,932	872	(675)		6,129
Total	11,682	922	(1,009)	(3,652)	7,943

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

(**) These are the lease instalments whose accounting is done in accordance with IFRS16. The increase was due to the reclassification from trade payables to financial payables of unpaid instalments, including accrued interest.

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. 31.

26. TRADE PAYABLES

(€thousand)	At 31 December 2022				At 31 December 2021			
	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	5,374	51	76	5,501	11,067	80	55	11,202
Payables to associates		2		2	18			18
Total trade payables	5,376	51	76	5,503	11,085	80	55	11,220

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	3,112	2,220	42	5,374
Payables to associates				
Total trade payables	3,112	2,220	42	5,374

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

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
Italy	4,124	8,490
Europe	246	779
Asia	1,055	1,640
North and South America	76	289
Rest of the World		4
Total	5,501	11,202

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

27. TAX PAYABLES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance at 31 December 2022	Balance at 31 December 2021
Current tax payables:		
withholding tax	884	774
Tax payables for income tax and IRAP	131	133
Payables to tax authorities for VAT	234	129
other short-term tax payables	293	71
Total current tax payables	1,542	1,107
Other current payables and liabilities:		
Payables to employees	2,452	2,416
Social security payables	1,306	1,295
Advance from customers	2,755	6,076
Payables for emoluments	370	353
Payables to State Fund and other funds	137	140
Payables for dividends to be distributed		136
Payables to lending institution for undue compensation	34	331
Accrued trade payables	46	64
Sundry accruals and deferrals	437	888
Miscellaneous payables	643	529
Total other current payables and liabilities	8,180	12,229

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.

28. PROVISIONS FOR RISKS AND CHARGES

The provision for non-current risks and charges was fully utilised during the period, while the provision for current risks and charges amounted to €1,968 thousand as shown in the relevant table.

(€thousand)	Balance 31 December 2021	Accrual	Use/release	Reclassifications	Exchange rate effect	Balance 31 December 2022
Warranty provision	31		(32)		1	
Total other provisions for non-current risks and expenses	31		(32)		1	
Warranty provision	523	741	(116)		4	1,152
Other provisions	172	644				816
Total other provisions for current risks and expenses	695	1,385	(117)		4	1,968

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 increase in the warranty provision is related to the increase in revenue.

Other provisions includes the following provisions:

- provision for risks on unsecured debts for €112 thousand, provision for risks on preferential debts for €342 thousand, and provision for legal risks for €10 thousand set aside in order to take into account possible contingent liabilities under the arrangement procedure; these provisions were estimated when defining the arrangement debt and were accounted for as a reduction of the contingent asset from discharge in bankruptcy;
- INAIL risk provision originally recorded in the amount of €162 thousand related to the estimate of the potential impact resulting from the inspection by INAIL - the Italian National Institute for Insurance against Accidents at Work - that took place in 2018 and was closed in March 2022 with a settlement of the audit amounting to €102 thousand;
- provision for pending litigation amounting to €250 thousand.

29. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2022, it amounted to €467 thousand and was unchanged compared with 31 December 2021. 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 2022, 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.

30. 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 principles described under Principles 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 2022 and 2021 are as follows:

Data by year - 2022 (€thousand)	CNC	%	HSM	%	SERVICE	%	N/A	Total
Revenues	1,745	70.4%	13,004	100.0%	9,617	99.6%		24,366
Cross-sector revenues	735	29.6%	0	0.0%	36	0.4%		0
Total reclassified revenues	2,479	100.0%	13,004	100.0%	9,653	100.0%		24,366
Changes in inventories of finished goods and W.I.P.	124	5.0%	(1,698)	13.1%	328	3.4%	0	(1,246)
Raw materials and consumables	65	2.6%	(6,793)	52.2%	1,538	15.9%	(63)	(8,329)
Cross-sector expenses	(37)	1.5%	(1,174)	9.0%	427	4.4%	14	0
Commissions, transport and contractors	(247)	10.0%	(1,506)	11.6%	345	3.6%	(1)	(2,098)
Sales margin	2,384	96.1%	1,833	14.1%	8,525	88.3%	(50)	12,693
Other operating revenue	268	10.8%	2,144	16.5%	258	2.7%	10,410	13,081
Other operating costs	(159)	6.4%	(1,153)	8.9%	1,614	16.7%	(3,808)	(6,735)
Personnel expenses	(1,120)	45.2%	(3,632)	27.9%	4,256	44.1%	(1,595)	(10,604)
Depreciation, amortisation and write-downs	(325)	13.1%	(1,196)	9.2%	130	1.3%	(950)	(2,601)
Operating profit/(loss)	1,047	42.2%	(2,003)	15.4%	2,784	28.8%	4,007	5,834

Data by year - 2021 (€thousand)	Sector						N/A	Total
	CNC	%	HSM	%	SERVICE	%		
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)

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.

31/12/2022	CNC	HSM	SERVICE	Non allocabili	Totale
Immobili, impianti e macchinari	68	6.591	92	2.576	9.327
Immobilizzazioni immateriali	696	236	-	67	999
Diritto d'uso	-	-	-	-	-
Partecipazioni	-	-	-	16	16
Altre attività finanziarie non correnti	-	-	-	290	290
Altri crediti e attività non correnti	0	3	-	21	23
Attività per imposte anticipate	-	-	-	968	968
Totale attività non correnti	764	6.830	92	3.939	11.624
Rimanenze	1.537	2.964	5.633	-	10.133
Crediti commerciali e altri crediti correnti	150	3.259	2.114	1.439	6.963
Crediti per imposte correnti	-	-	-	417	417
Altre attività finanziarie correnti	-	-	-	-	-
Disponibilità liquide e mezzi equivalenti	-	-	-	4.869	4.869
Totale attività correnti	1.687	6.223	7.747	6.724	22.381
Totale attivo	2.451	13.053	7.839	10.663	34.005
Altri debiti e passività non correnti	7	12	45	7	71
Fondi a lungo termine	-	-	-	-	-
Trattamento di fine rapporto	412	781	211	557	1.961
Passività per imposte differite	-	-	-	169	169
Altre passività finanziarie non correnti	-	-	-	324	324
Passività finanziarie non correnti	-	4.024	14	2.022	6.060
Totale passività non correnti	419	4.816	270	3.080	8.585
Passività finanziarie correnti	-	400	11	1.468	1.879
Altre passività finanziarie correnti	-	-	-	-	-
Debiti commerciali e altri debiti correnti	761	4.727	840	7.355	13.683
Debiti per imposte correnti	-	-	-	1.542	1.542
Fondi a breve termine	2	658	491	816	1.967
Totale passività correnti	764	5.784	1.343	11.181	19.071
Totale passività	1.183	10.601	1.612	14.260	27.656
Patrimonio netto	-	-	-	6.349	6.349
Totale passivo	1.183	10.601	1.612	20.609	34.005

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				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. 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 with 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 21).

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 2022, 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 2022 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 with 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 2022 and 31 December 2021. 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)

Foreign Exchange Risk at 31 December 2022	+5% change		-5% change	
	P&L	Other changes in equity	P&L	Other changes in equity
FOREIGN CURRENCY FINANCIAL ASSETS				
Cash and cash equivalent	26	(1)	1	
Hedging derivatives				
Receivables	84	(4)	4	
Effect		(5)	5	
FOREIGN CURRENCY FINANCIAL LIABILITIES				
Derivatives for trading				
Hedging derivatives				
Loans payable				
Overdrawn bank accounts				
Trade payables	235	11	(12)	
Effect		11	(12)	
Total effect		6	(7)	

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	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)	

Note: The foreign exchange risk sensitivity test on financial statement items denominated in currencies other than the functional currency was conducted on the entire amount shown on the financial statements at 31 December 2022. However, certain accounting items pertaining to debt positions also include debts admitted to the parent company's arrangement procedure, the values of which were crystallised as at 13 November 2020, and are therefore unaffected by any exchange rate fluctuations. For these items, the sensitivity impacts shown in the table are therefore to be considered estimated in excess.

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	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)	

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 2022 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 2022, the Company had an Interest Rate Swap contract to hedge interest rate risk; it has a total positive fair value amounting to €290 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 2022, 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 2022 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 2022, 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 2022, 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 2022, as in 2021, appears consistent with the changed market scenario which, after several years of expansive monetary policy characterised by very low and tendentially stable interest rates, has recently been characterised by a rapid and consistent 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 2022	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	564	(6)		1	
Fixed-rate loans	1,250				
Floating-rate finance leases	4,515	(45)		5	
Operating leases and rent (IFRS16)	1,617				
IRS hedging derivatives	(290)	26	116	(3)	(12)
Total impact		(25)	116	3	(12)

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)

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.

Note: With reference to the specific category of floating-rate loans payable (thus excluding floating-rate finance leases), the sensitivity analysis is, in fact, a purely theoretical exercise because these financial liabilities, following the approval of the arrangement plan are in fact "frozen" and will fall within the scope of the distribution plan of the arrangement agreement.

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 2022 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 standby 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 takes into account the financial debt repayment commitments in the Parent Company's arrangement plan.

MATURITY ANALYSIS (€thousand)

	Carrying amount at 31 December 2022	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	1,814	1,890	14	28	389	1,459	
Other loans							
Overdrawn bank accounts and short-term advances (*)	254	254	13			241	
Trade payables	5,501	5,501	3,112	2,220	42	51	76
Liabilities for finance leases	4,515	5,659	44	89	473	1,962	3,099
Operating leases and rent (IFRS 16)	1,617	1,686	68	139	711	579	189
DERIVATIVE LIABILITIES							
<i>Interest rate swap</i>							
Total	13,702	14,990	3,252	2,476	1,614	4,293	3,355

(*) The amount includes self-liquidating short-term advances (e.g., invoice advances, collection bills, export advances) included in the arrangement debt totalling €241 thousand.

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 finance leases	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							
<i>Interest rate swap</i>	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.

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 2022 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. 29.

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 2022, 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 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)	2022
Floating-rate exposures	
Floating-rate loans payable (*)	564
Floating-rate leases	4,515
Total exposure to interest rate risk (*)	4,515

(*) Floating-rate loans payable are part of the Parent Company's arrangement debts, and as such, the amounts have been "sterilised." Therefore, they are comparable to non-interest-bearing loans

	2022	2023	2024	2025	2026 and beyond
Covered exposures					
Hedged exposures (outstanding principal)	3,096	2,861	2,647	2,422	2,186
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)	2,629	2,436	2,235	2,028	1,814
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 2021.

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%

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 2022 (IRS), i.e.: the notional amount, the carrying amount (fair value), the financial statement 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 (2022)

<i>Cash flow hedges</i> (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		Statement of financial position item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
<i>Interest Rate Swaps</i>	2,629	290		other financial assets other financial liabilities	
Total	2,629	290			

For comparative purposes, the table below shows the hedging instruments in place at 31 December 2021.

Hedge accounting - Hedging instruments (2021)

<i>Cash flow hedges</i> (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		Statement of financial position 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		

The following table provides aggregate information on the hedged financial liabilities at 31 December 2022, i.e.: the carrying amount (amortised cost), the financial statement 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 (2022)

<i>Cash flow hedges</i> (€thousand)	Carrying amount of the hedged items		Statement of financial position 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					
Floating-rate leases		3,096	Financial assets		(290)
Total		3,096			(290)

(*) 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 2021.

Hedge accounting - hedged items (2021)

<i>Cash flow hedges</i> (€thousand)	Carrying amount of the hedged items		Statement of financial position 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					
Floating-rate leases		3,256	Financial liabilities		153
Total		3,256			153

(*) 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 (2022)

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 3 IRS	443	6	finance expenses and income	443	finance expenses and income
Total	443	6		443	

(*) Also includes the accrued component of the differentials accrued at 31 December 2022 of the hedging IRSs included in the fair value of the derivatives and excluded from the calculation of hedge effectiveness.

For comparative purposes, the table below shows the effects of hedge accounting on the 2021 financial statements.

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 3 IRS	133		finance expenses and income	133	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.

32. 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 2022, the Group held financial assets measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €290 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 2022

€ thousand	Carrying amount at 31 December 2022	Amortised Cost	FV recognized in equity	FV recognized in profit or loss	IFRS 9	Fair value at 31 December 2022
Cash	4,869					4,869
Hedging derivatives	290		290			290
Total	5,159		290			5,159
LIABILITIES						
Liabilities at amortised cost	7,892	7,892				7,892
Total	7,892	7,892				7,892

NET PROFIT AND LOSS BY CATEGORY - IFRS 9 - 31 December 2022

€ thousand	Net profit and loss	of which from interest
ASSETS		
Cash	4	4
Hedging derivatives		
Total	4	4
LIABILITIES		
Liabilities at amortised cost	(275)	(275)
Total	(275)	(275)

33. RELATIONS WITH RELATED PARTIES

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 2022 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 - 2022 (€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)	7	70	7				
Compensation Board of Directors			292				
Compensation Board of Statutory Auditors		71					
Total other related parties	7	141	299				

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				

31 December 2022 (€thousand)

Counterpart	Trade receivables	Other current receivables	Other current financial assets	Trade payables	Other current payables	Current financial liabilities
Other related parties Prometec						
Other related parties (Giuseppe and Luca Morfino)		27			9	
Other related parties (Payables to BoD)					135	
Other related parties (Payables to Board of Statutory Auditors)					235	
Total other related parties		27		2	379	

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)		27			5	
Other related parties (Payables to BoD)					120	
Other related parties (Payables to Board of Statutory Auditors)					233	
Total other related parties		27		2	358	

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 2022	31 December 2021
Directors	299	271
Auditors	71	71
Executives with strategic responsibilities		
Total compensation	370	342

34. 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 2022 was as follows:

(€thousand)	31 December 2022	31 December 2021
A Cash	4,869	5,267
B Cash equivalents		
C Other current financial assets		
D Liquidity (A+B+C)	4,869	5,267
E Current financial debt	13	4,414
F Current portion of non-current financial debt	1,866	2,939
G Current financial indebtedness (E +F)	1,879	7,354
H Net current financial indebtedness (GD) (credit)/debt (I-E-D)	2,989	2,087
I Non-current financial debt	6,094	6,608
J Debt instruments		
K Non-current trade and other payables	4,309	10,300
L Non-current financial indebtedness (I +J+K)	10,403	16,908
M Total financial indebtedness (H+L)	7,413	18,995

35. 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.

36. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2022 the company did not have any non-recurrent significant transactions.

37. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2022 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.

38. TRANSLATION OF FINANCIAL STATEMENT OF FOREIGN COMPANIES

The exchange rates used for the translation into EUR of the 2022 and 2021 financial statements of the foreign companies are illustrated in the following table:

Currency	Mean exchange rate of period		Current exchange rate at year-end	
	2022	2021	2022	2021
USD	1.0934	1.1827	1.0666	1.1326
Real (Brazil)	5.4399	6.3779	5.6386	6.3101
Renminbi (China)	7.0788	7.6282	7.3582	7.1947
Rouble (Russia)	88.39714	87.1527	85.3004	85.3004

39. 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.

40. SUBSEQUENT EVENTS

With reference to significant events after year end, please refer to the special section "Significant events after the reporting date and business outlook" contained in the Director's Report.

San Mauro Torinese, April 3rd 2023

On behalf of the Board of Directors

The Chairman

Mr. Luigi Maniglio

**Certificate pursuant to Article 81-ter of the
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 Luigi Maniglop 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 2022.

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.

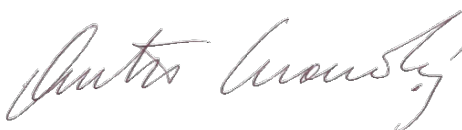
San Mauro Torinese, 03/04/2023

On behalf of the Board of Directors

The Chairman
Mr. Luigi Maniglio



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-finanziaria al 31 dicembre 2022, 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 consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2022, 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 società 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.

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.

Valutazione della continuità aziendale della Società e del Gruppo**Descrizione
dell'aspetto chiave
della revisione**

Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2022 un risultato operativo della gestione ordinaria negativo di Euro 4.924 migliaia e una posizione finanziaria netta negativa di Euro 7.413 migliaia.

Nel valutare la sussistenza del presupposto della continuità aziendale, gli Amministratori indicano che l'iter del Piano concordatario è ancora in fase di esecuzione e, in particolare, che alla data di approvazione del progetto di bilancio non è ancora stata eseguita la seconda fase dell'operazione di investimento, sottesa al Piano Concordatario che prevedeva l'emissione della prima tranche del Prestito Obbligazionario e la conseguente sottoscrizione da parte di Negma Group.

Di conseguenza gli Amministratori ritengono che sussista un'incertezza associata al rischio che le previsioni contenute nella proposta concordataria non siano completate nelle tempistiche in essa previste con riferimento alla sottoscrizione del prestito obbligazionario, oltre che al rischio che le suddette previsioni non trovino effettivo riscontro in termini di raggiungimento dell'equilibrio operativo da parte della Società e del Gruppo e, conseguentemente, della capacità di autofinanziamento degli stessi per il tramite della gestione operativa. Ciononostante, gli Amministratori informano di ritenere, dopo aver effettuato le necessarie verifiche, che gli slittamenti sinora intercorsi nel completamento dell'iter del piano concordatario non rappresentino, allo stato, elemento ostativo al buon esito dello stesso e che la Società e il Gruppo possano disporre di risorse sufficienti alla copertura del proprio fabbisogno finanziario nell'arco del prevedibile futuro, illustrandone le relative motivazioni. Pertanto, gli Amministratori hanno adottato il presupposto della continuità aziendale nella redazione del bilancio consolidato del Gruppo al 31 dicembre 2022.

In considerazione della significatività della tematica per il bilancio consolidato nel suo complesso, della significatività delle valutazioni degli Amministratori connesse allo sviluppo delle previsioni economico finanziarie, abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.

Nella sezione "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e nel paragrafo "continuità aziendale" della nota integrativa del bilancio consolidato gli Amministratori riportano l'informativa relativa agli aspetti sopra evidenziati.

**Procedure di revisione
svolte**

Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure:

- analisi del processo di valutazione degli Amministratori relativamente alla capacità della Fidia S.p.A. e del Gruppo di far fronte al fabbisogno finanziario e patrimoniale nel prevedibile futuro;
- 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 di emissione e sottoscrizione del Prestito Obbligazionario;
- analisi dell'informativa fornita nelle note illustrative e nella relazione sulla gestione.

Recuperabilità delle attività non correnti del Gruppo Fidia

Descrizione dell'aspetto chiave della revisione

Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2022 attività non correnti per Euro 11.624 migliaia, principalmente relative a "Immobili, impianti e macchinari" per Euro 9.327 migliaia e "Immobilizzazioni immateriali" per Euro 999 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*.

Procedure di revisione svolte	<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 (<i>g-rate</i>); • verifica della <i>sensitivity analysis</i> predisposta dalla Direzione; • esame dell'adeguatezza e della conformità rispetto a quanto previsto dallo IAS 36 dell'informativa fornita dal Gruppo sull'<i>impairment test</i>.
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Riconoscimento e competenza dei ricavi per la vendita di macchine

Descrizione dell'aspetto chiave della revisione	<p>Il Gruppo iscrive nel bilancio consolidato al 31 dicembre 2022 ricavi pari a Euro 24.366 migliaia, di cui Euro 14.749 migliaia relativi alla vendita di macchine, rilevati al momento in cui l'installazione e il collaudo vengono formalmente accettati dall'acquirente.</p> <p>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.</p> <p>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.</p>
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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;
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- 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.

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 azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

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 al 31 dicembre 2022, 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 al 31 dicembre 2022 è stato predisposto nel formato XHTML ed è stato marcato, in tutti gli aspetti significativi, in conformità alle disposizioni del Regolamento Delegato.

Alcune informazioni contenute nelle note esplicative al bilancio consolidato quando estratte dal formato XHTML in un'istanza XBRL, a causa di taluni limiti tecnici potrebbero non essere riprodotte in maniera identica rispetto alle corrispondenti informazioni visualizzabili nel bilancio consolidato in formato XHTML.

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

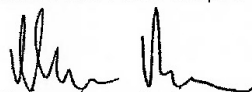
Gli Amministratori della Fidia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del gruppo Fidia al 31 dicembre 2022, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle 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 2022 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 2022 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, 6 aprile 2023

**Financial statements at 31 December 2022 -
Fidia S.p.A.**

FIDIA S.p.A.: Financial Statements at 31 December 2022

Income Statement (*)

(euro)	Notes	FY2022	FY2021
Net sales	1	16,474,049	14,470,958
Other revenues and income	2	1,207,158	1,336,537
Total revenues		17,681,207	15,807,495
Changes in inventories of finished goods and work in progress		(546,985)	(1,276,829)
Raw materials	3	(7,196,911)	(5,145,769)
Personnel expenses	4	(5,282,477)	(5,328,666)
Other operating costs	5	(6,481,657)	(4,206,804)
Depreciation, amortisation and write-downs	6	(1,658,482)	(1,322,000)
Profit/(loss) from ordinary business		(3,485,304)	(1,472,573)
Recovery/(Write-Down) of investments	7		
Non-recurring income/(expenses)	8		
Operating profit/(loss)		(3,485,304)	(1,472,573)
Net income/(expenses) from discharge in bankruptcy	9	17,052,553	(975,657)
Finance revenue (expenses)	10	(283,113)	(397,764)
Profit/(loss) before tax		13,284,136	(2,845,995)
Income tax	11	(21,024)	(11,658)
Profit/(loss) for continuing operations		13,263,112	(2,857,653)
Profit/(loss) for discontinued operations			
Profit/(loss) for the period		13,263,112	(2,857,653)

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties 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. 33.

FIDIA S.p.A.: Financial Statements at 31 December 2022

Statement of comprehensive income (*)

(€thousand)	FY2022	FY2021
Profit/(Loss) for the period (A)	13,263	(2,858)
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:		
Profits/(Losses) on cash flow hedges	442	133
Tax effect pertaining to Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss	(107)	(32)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)	335	101
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:		
Actuarial gains/(losses) on defined benefit plans	238	(79)
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	(57)	19
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)	181	(60)
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)	516	41
Total comprehensive profit/(loss) of the period (A)+(B)	13,779	(2,817)

FIDIA S.p.A.: Financial Statements at 31 December 2022

Statement of financial position (*)

(euro)	Notes	31-Dec-22	31-Dec-21
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	7,384,235	8,152,615
Intangible fixed assets	13	952,423	1,558,219
Equity investments	14	6,646,104	6,646,104
Other non-current financial assets	15	290,152	
Other non-current receivables and assets	16	14,829	197,244
Deferred tax assets	11	350,111	409,035
TOTAL NON-CURRENT ASSETS		15,637,854	16,963,217
CURRENT ASSETS			
Inventory	17	6,241,958	8,130,533
Trade receivables	18	6,531,590	6,998,166
Current taxes receivable	19	338,390	310,793
Other current receivables and assets	19	1,029,426	2,441,820
Other current financial assets	20	69,000	84,000
Cash and cash equivalents	21	1,421,093	1,969,913
TOTAL CURRENT ASSETS		15,631,457	19,935,226
TOTAL ASSETS		31,269,311	36,898,443
LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		7,123,000	5,123,000
Share premium reserve		666,733	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 reserve		218,444	116,808
Earnings (loss) carried forward		15,666,021	12,808,369
Treasury shares		45,523	45,523
Reserve of exchange rate profit not realized		8,022	8,022
Profit (loss) stated directly in equity		104,619	285,222
Profit/(loss) for the period		13,263,112	2,857,653
TOTAL SHAREHOLDERS' EQUITY	22	6,700,556	8,505,452
NON-CURRENT LIABILITIES			
Other non-current payables and liabilities	23	18,859	195,117
Termination benefits	24	1,960,676	2,187,766
Deferred tax liabilities	11	126,669	
Other non-current financial liabilities	25		157,916
Non-current financial liabilities	26	5,164,889	5,064,024
TOTAL NON-CURRENT LIABILITIES		7,271,093	7,604,823
CURRENT LIABILITIES			
Current financial liabilities	26	1,429,990	8,895,044
Trade payables	27	6,360,836	16,814,086
Current taxes payable	28	927,781	820,767
Other current payables and liabilities:	28	6,499,014	10,503,701
Provisions for risks and charges	29	2,080,041	765,474
TOTAL CURRENT LIABILITIES		17,297,662	37,799,072
TOTAL LIABILITIES		31,269,311	36,898,443

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties 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. 33.

FIDIA S.p.A.: Financial statements at 31 December 2022

Statement of Cash Flows (*)

(€thousand)	2022	2021
A) Cash on hand and cash equivalents at beginning of year	(129)	(694)
B) Cash from/(used in) operating activities		
Net income (loss) for the period	13,263	(2,858)
Depreciation and amortisation of tangible and intangible assets	1,546	1,318
Net loss (gain) on disposal of tangible assets	(11)	(14)
Contingent loss from discharge in bankruptcy	(17,866)	
Net change in provision for termination benefits	(228)	74
Net change in provisions for risks and charges	1,315	21
Net change (assets) liabilities for (pre-paid) deferred taxes	186	25
Net change in working capital:		
receivables	2,035	(3,876)
inventory	1,889	1,047
payables (**)	(1,914)	5,352
	214	1,088
C) Cash from/(used in) investing activities		
Investments in		
tangible fixed assets	(8)	(1)
intangible fixed assets	(164)	(47)
Proceeds from the sale of:		
tangible fixed assets	11	14
	(161)	(34)
D) Cash from/(used in) financing activities		
Net change in other current and non-current financial assets and liabilities	(433)	(97)
New loans	282	(143)
Loans paid (***)	(308)	(579)
Change in reserves	1,943	(41)
Total	1,484	(492)
E) Net change in cash and cash equivalents	1,537	565
F) Cash and cash equivalents at year end	1,408	(129)
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	1,421	1,970
Overdrawn bank accounts	(13)	(2,099)
	1,408	(129)

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties 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 €254 thousand in interest paid

FIDIA S.p.A.: Financial Statements at 31 December 2022

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 2021	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)
Allocation of net income of previous year									(2,858)		2,858	
Issue of shares	2,000		(573)									1,427
Total comprehensive profit/(loss)							335			181	13,263	13,779
Balance at 31 December 2022	7,123	(46)	667	883	46	309	218	8	15,666	(104)	13,263	6,701

FIDIA S.p.A.: Financial Statements at 31 December 2022

Income Statement

as per Consob Resolution no. 15519 of 27 July 2006

(€thousand)	Notes	FY2022	Of which related parties	FY2021	Of which related parties
Net sales	1	16,474	5,477	14,471	6,791
Other revenues and income	2	1,207	546	1,337	505
Total revenues		17,681		15,807	
Changes in inventories of finished goods and work in progress		(547)		(1,277)	
Raw materials	3	(7,197)	(84)	(5,146)	(106)
Personnel expenses	4	(5,282)	(67)	(5,329)	(72)
Other operating costs	5	(6,482)	(928)	(4,207)	(569)
Depreciation, amortisation and write-downs	6	(1,658)		(1,322)	
Profit/(loss) from ordinary business		(3,485)		(1,474)	
Recovery/(Write-Down) of investments	7				
Non-recurring income/(expenses)	8				
Operating profit/(loss)		(3,485)		(1,474)	
Net income/(expenses) from discharge in bankruptcy	9	17,052	6,295	(976)	
Finance revenue (expenses)	10	(283)	3	(398)	4
Profit/(loss) before tax		13,284		(2,846)	
Income tax	11	(21)		(12)	
Profit/(loss) for continuing operations		13,263		(2,858)	
Profit/(loss) for discontinued operations					
Profit/(loss) for the period		13,263		(2,858)	

FIDIA S.p.A.: Financial Statements at 31 December 2022
Statement of financial position pursuant to CONSOB Resolution
No. 15519 of 27 July 2006

(€thousand)	Notes	31 December 2022	of which related parties	31 December 2021	Of which related parties
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	7,384		8,153	76
Intangible fixed assets	13	952		1,558	
Equity investments	14	6,646		6,646	
Other current financial assets	15	290			
Other non-current receivables and assets	16	15		197	
Deferred tax assets	11	350		409	
TOTAL NON-CURRENT ASSETS		15,638		16,963	
CURRENT ASSETS					
Inventory	17	6,242		8,131	
Trade receivables	18	6,532	4,346	6,998	3,158
Current taxes receivable	19	338		311	
Other current receivables and assets	19	1,029		2,442	1,224
Other current financial assets	20	69	69	84	84
Cash and cash equivalents	21	1,421		1,970	
TOTAL CURRENT ASSETS		15,631		19,935	
TOTAL ASSETS		31,269		36,898	
LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital		7,123		5,123	
Share premium reserve		667		1,240	
Legal reserve		883		883	
Provisions for treasury shares in portfolio		46		46	
Extraordinary reserve		309		309	
Cash flow hedge reserve		218		(117)	
Earnings (loss) carried forward		(15,666)		(12,809)	
Treasury shares		(46)		(46)	
Reserve profits on exchange rates not realized		8		8	
Profit (loss) stated directly in equity		(105)		(285)	
Profit/(loss) for the period		13,263		(2,858)	
TOTAL SHAREHOLDERS' EQUITY	22	6,701		(8,505)	
NON-CURRENT LIABILITIES					
Other non-current payables and liabilities	23	19		195	
Termination benefits	24	1,961		2,188	
Deferred tax liabilities	11	127			
Other non-current financial liabilities	25			158	
Non-current financial liabilities	26	5,165		5,064	
TOTAL NON-CURRENT LIABILITIES	6	7,271		7,605	
CURRENT LIABILITIES					
Current financial liabilities	26	1,430	221	8,895	2,195
Trade payables	27	6,361	1,186	16,814	6,247
Current taxes payable	28	928		821	
Other current payables and liabilities:	28	6,499	1,188	10,504	1,944
Provisions for risks and charges	29	2,080		765	
TOTAL CURRENT LIABILITIES		17,298		37,799	
TOTAL LIABILITIES		31,269		36,898	

FIDIA S.p.A.: Financial Statements at 31 December 2022

Statement of Cash Flows

as per Consob Resolution no. 15519 of 27 July 2006

(€thousand)	2022	of which related parties	2021	of which related parties
A) Cash on hand and cash equivalents at beginning of year	(129)		(694)	
B) Cash from/(used in) operating activities				
Net income (loss) for the period	13,263		(2,858)	
Depreciation and amortisation of tangible and intangible assets	1,546		1,318	
Net loss (gain) on disposal of tangible assets	(11)		(14)	
Contingent loss from discharge in bankruptcy	(17,866)	(6,295)		
Net change in provision for termination benefits	(228)		74	
Net change in provisions for risks and charges	1,315		21	
Net change (assets) liabilities for (pre-paid) deferred taxes	521		25	
Net change in working capital:				
receivables	1,699	36	(3,876)	(1,194)
inventory	1,889		1,047	
payables (*)	(1,914)	(1,496)	5,352	1,394
	214		1,088	
C) Cash from/(used in) investing activities				
Investments in				
tangible fixed assets	(8)		(1)	
intangible fixed assets	(164)		(47)	
Proceeds from the sale of:				
tangible fixed assets	11		14	
	(161)		(34)	
D) Cash from/(used in) financing activities				
Net change in other current and non-current financial assets and liabilities	(433)	15	(97)	36
New loans	282		(143)	
Loans paid (**)	(308)		(579)	
Change in reserves	1,943		(41)	
	(1,484)		(492)	
E) Net change in cash and cash equivalents	1,537		565	
F) Cash and cash equivalents at year end	1,408		(129)	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	1,421		1,970	
Overdrawn bank accounts	(13)		(2,099)	
	1,408		(129)	

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 2022, 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 authorized by the Board of Directors on April 3rd 2023.

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 2022.

The company ended the year with a net profit of €13.3 million. This result was mainly due to the discharge in bankruptcy arising from the arrangement, while the operating loss from ordinary operations was €3.5 million.

This result was related to insufficient new orders, as a result of a general tension in some of the markets in which the Group operates, but also to a level of efficiency in need of improvement, which has started in early 2023.

The net financial position improved markedly from a debt of €27.6 million at 31 December 2021 to a debt of €9.5 million at 31 December 2022.

The Fidia crisis

As already discussed in the past, 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.

During 2022, 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 Covid19 health emergency

The outbreak of Covid19 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 economic and financial effects related to Covid19, the Company continued to record the negative effects resulting from the pandemic also in 2022, especially because of the continuous lockdowns imposed by the Chinese government.

These events have had in very negative impact at the commercial level, which is being overcome only now in early 2023.

Actions taken by the Company to tackle the Group crisis

In 2022, 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 years 2020-2024 in order to reflect the effects of Covid19 in 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 Covid19 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 Covid19 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 ("Negma"), 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 maintaining direct continuity of the company's business, pursuant to Article 186 bis of the Bankruptcy Law by pursuing financial and equity consolidation to be implemented, in short, through the release of new resources from third-party investors ("Investors"), who have made a binding and irrevocable offer, which, in a nutshell, provides for:
 - the 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. ("FAIBIDCO UNO SRL" now in Liquidation);
 - an increase in the share capital of FAIBIDCO UNO SRL in the amount of €4,132,413, 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;
- the execution of an overall capital increase in Fidia with the exclusion of option rights, in the total amount of €14,000,000, divided as follows:
 - €2,000,000, to be reserved for subscription in cash by FAIBIDCO UNO SRL now in Liquidation;
 - €10,000,000 to be allocated for the conversion of the POC subscribed by Negma;
 - €2,000,000 to service the possible exercise of warrants.
 - 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 with the only practically feasible alternative, i.e., bankruptcy.

On 19 May 2022, following the vote by creditors, 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 approved the arrangement as a going concern approved by the creditors and then ordered the Company to carry out the provisions under the arrangement plan proposal.

On 18 November 2022, in execution of the plan and proposed arrangement, the Company's previously convened ordinary and extraordinary shareholders' meeting was held on 3 November 2022, at which the following was resolved:

- the approval of the financial statements at 31 December 2021, together with the Directors' Report for the year 2021, the report of the Board of Statutory Auditors and the Independent Auditors, the presentation of the Consolidated Financial Statements at 31 December 2021, and the report on corporate governance and ownership structure pursuant to Article 123bis of the Consolidated Finance Act;
- the approval of the report on remuneration policy and compensation paid pursuant to Article 123 ter of Legislative Decree No. 58 of 24 February 1998;
- the approval of the proposed adoption of instrumental and preparatory measures of the arrangement plan, namely:
 1. the issuance of a bond convertible into Fidia shares cum warrants in the total amount of €10,000,000.00, to be issued in one or more tranches, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code as it is intended for Negma, and the related increase in share capital pursuant to Article 2420bis, paragraph 2, of the Italian Civil Code, in tranches, with the exclusion of option rights, pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a maximum amount of €10,000,000.00 to service the conversion of the convertible bond;
 2. the issuance of warrants to be assigned free of charge to the subscribers of the convertible bond loan and the related increase in share capital, in tranches and for cash, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, to service the exercise of the aforementioned warrants for a maximum amount of €10,000,000.00;
 3. a paid capital increase, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, in the total amount of €2,000,000.00, to be carried out in tranches and reserved for subscription to FAIBIDCO UNO SRL now in Liquidation;
- the approval of the Half-Year Financial Statements at 30 June 2022 of the Fidia Group.

Subsequently, and precisely on 23 November 2022, FAIBIDCO UNO SRL in Liquidation - having taken note of the execution of the capital increase previously resolved - executed the capital increase resolved by Fidia, thus proceeding to pay the total sum of €2,000,000.00 into the current account opened in the Company's name. At the same time, the Company and Negma finalised and finally approved the regulation for the issuance of the convertible bond, which governs the timing and manner of issuance and conversion of the various tranches of the bond.

On 28 November 2022, as provided for in the arrangement proposal, Fidia then made the first distribution in favour of its creditors for preeductible debts, subject to the disclosure and issue of a favourable opinion by the Proceedings Bodies.

Following the completion of the approved capital increase, on 21 December 2022 Fidia obtained Consob's authorisation for the publication of the prospectus aimed at the admission to trading of newly issued shares resulting from the capital increase approved in implementation of the arrangement plan, thus enabling the start of market trading of newly issued shares as of 1 January 2023.

Lastly, in compliance with the decree of 22 June 2022, the Company has timely fulfilled its disclosure obligations for the post-approval period by preparing quarterly and semiannual periodic disclosures on 31 October 2022 and 31 January 2023.

Going concern assumption

As explained above, the Arrangement Plan is still in the execution phase and, in particular, at the date of preparation of these financial statements, the second phase of the investment transaction, underlying the Arrangement Plan, which provided for the issuance of the first tranche of the Bond in the amount of €2,000,000 and the subsequent subscription by Negma by 15 February 2023, has not yet been executed. In addition, the group's fiscal year 2022, although characterised by a slight increase in revenue (+2.2%) compared with the previous year, showed a negative operating income from ordinary operations of €4,924 thousand and a negative net financial position of €7,413 thousand.

Although the actions taken by the Directors have made it possible to partially contain the effects of the market crisis that has affected the Company, they have not yet been sufficient to ensure full recovery of the business.

Therefore, there is still uncertainty whether the provisions contained in the Arrangement Proposal will be met in the expected timeframe, with reference to the terms for subscription of the convertible bond set out therein, as well as whether the aforementioned milestones are not effectively achieved by the company and the group in terms of operational balance and consequently their ability to self-finance through operations. If this were the case, there would be the need to find additional financial resources.

Nevertheless, also taking into account Negma's confirmed commitment to continue investing to the extent necessary to cover the Company's and the Group's financial requirements 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 accordance with its terms.

Specifically, with reference to the short-term (next 12 months) cash needs of the Company and the Group, based on the flows processed for the period from January 2023 to March 2024, the Directors are confident that upon the successful completion of the issuance of the said bond loan, 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 2022, including the following:

- on 18 November 2022, the Board of Directors resolved to finalise the agreement governing the issuance of the Bonds and Warrants (the "Agreement") with the Underwriter to which the POC Regulation (the "POC Regulation") and the Warrant Regulation are attached;
- on 23 November 2022, Fai BidCo Uno therefore executed the capital increase resolved by Fidia, thus paying the total sum of €2,000,000;
- the business plan prepared by the Company for the period 2023-2027 envisages a recovery of volumes and profitability with the related benefits on cash flows, already evident in the first months of 2023, as confirmed by the size of the order backlog acquired in that period;
- during the current year, the Company has 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;
- negotiations have already been initiated for the possible granting of new self-liquidating lines of credit, aimed at financing the Company's and the Group's operational management, which, in a phase of business recovery, produces a physiological initial cash absorption, with possible financial strains in certain periods of the year.

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.

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 company closely monitors developments in the situation and any implications for business. There are currently no indications of significant financial economic consequences for the company.

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 2022.

SIGNIFICANT ACCOUNTING STANDARDS

Principles for the presentation of the financial statements

The 2022 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 with 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 27 July 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 relations with related parties 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 depreciation 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 amortised by applying the criterion and rates specified below.

Depreciation

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

Description	Depreciation rates
Building	5.00%
Lightweight constructions	5.00%
Generic and specific plants	12.50%
Machinery	6.67% /15.00%
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%

Finance expenses

Finance expenses 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 finance expenses are recognised as an expense in the period in which they are incurred. Finance expenses include interest and other costs that an entity incurs to obtain funding.

IFRS 16

Lease agreements that 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 amortised 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 amortised 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 amortisation or the accrued loss in value. Amortisation of the asset starts when development is completed, and the asset is available for use. Development assets are amortised 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 non-current financial assets include the positive fair value of derivative financial instruments.

Other non-current receivables and assets comprised medium- to long-term loans and security deposits.

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 amortised 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 amortised 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 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 B6.4.4B6.4.6);
- ii. the effect of credit risk does not override changes in value resulting from the economic relationship (see paragraphs B6.4.7B6.4.8);
- 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 B6.4.9B6.4.11).

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 2022 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 amortised cost;
- financial instruments measured at fair value.

Financial assets and liabilities evaluated at amortised 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 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		
	2022	2021
1W		
1M	1.884%	0.583%
2M		
3M	2.196%	0.572%
6M	2.626%	0.546%
9 M		
12M	3.212%	0.501%
2 year	3.335%	0.317%
3 years	3.244%	0.165%
4 year	3.196%	0.084%
5 year	3.179%	0.018%
7 year	3.153%	0.092%
10 year	3.188%	0.273%
15 year	3.181%	0.482%
20 year	3.004%	0.552%
30 years	2.630%	0.498%

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 financial statement 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 financial statements or for which there is the risk that significant value adjustments need to be made to the book value of the assets and liabilities in the period following the one of reference of the financial statements.

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 until 31 December 2021, 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 2022, 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 2023-2026. 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 2022 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 12.34%, 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 2022.

Compared with the basic assumptions just described a sensitivity analysis on the results was also carried out compared with 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 2022, the Company's value in use was greater than its carrying amount of €3.0 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 with 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 to 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 2022

Accounting principles, amendments and interpretations adopted from 1 January 2022

Consistent with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), the IFRS standards in effect as from 1 January 2022 are outlined and briefly explained below.

- Onerous contracts - Costs of fulfilling a contract (amendment to IAS 37)

IAS 37 defines an onerous contract as one in which the unavoidable costs (costs that the company has committed to under the contract) of fulfilling the obligations under the contract exceed the economic benefits expected to be received under the contract.

The amendments to IAS 37.68A clarify that costs directly related to the contract are:

- The incremental costs of contract performance, e.g., direct labour and materials; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

- Property, plant and equipment - Proceeds before intended use (amendments to IAS 16)

The amendment to IAS 16 prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use (e.g., proceeds from the sale of samples produced during the test phase of a production facility after its construction, but before the start of commercial production). Proceeds from the sale of these samples, together with production costs, are now recognised in profit or loss.

- Annual improvements to IFRS 2018-2020 (amendments to IFRS1, IFRS9, IFRS 16 and IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA);
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities;
- IAS 41: Taxation in Fair Value Measurements.

- References to the Conceptual Framework (amendments to IFRS 3)

In May 2020, the IASB published amendments to IFRS 3, which update a reference to the Conceptual Framework without changing the accounting requirements for business combinations.

The adoption of these amendments/interpretations did not affect the Financial Statements at 31 December 2022.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT APPLICABLE YET AND NOT ADOPTED EARLY BY THE COMPANY

There are a number of standards, amendments to standards and interpretations that have been issued by the IASB but will be effective in future accounting periods, which the company has decided not to apply in advance.

The following amendments are effective as of the reporting period beginning on or after 1 January 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 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.
- 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.
- 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.

The company is currently evaluating the impact of these new accounting standards and amendments. 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 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 January 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;
- On 27 November 2020, the IASB issued Amendments to IFRS 16 Lease Liability in a Sale and Leaseback to define how to apply paragraphs 3628 of IFRS 16 in the subsequent measurement of a lease liability in a sale and leaseback transaction. More specifically, the seller-lessee must determine "lease payments" or "revised lease payments" in such a way that no amount of profit or loss related to the right of use retained by the seller-lessee is recognised;
- On 31 October 2022, the IASB issued the "Amendments to IAS 1 Presentation of Financial Statements: non-current liabilities with covenants" to clarify what conditions must be met for the classification of a loan subject to a short-term covenant.

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. 30, 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 13.8% and amounted to €16,474 thousand compared with €14,471 thousand in 2021.

Hereinafter follows the details by geographical region and line of business for sales.

Turnover by geographical area	FY2022	%	FY2021	%
€thousand				
Italy	2,495	15.1%	1,884	13.0%
Europe	5,220	31.7%	5,980	41.3%
Asia	6,309	38.3%	3,608	24.9%
North and South America	2,422	14.7%	2,992	20.7%
Rest of the World	28	0.2%	7	0.0%
Total revenue	16,474	100.0%	14,471	100%

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

Turnover by business line	FY2022	%	FY2021	%
€thousand				
Numerical controls, drives and software	1,121	6.8%	699	4.8%
High-speed milling systems	11,156	67.7%	9,188	63.5%
After-sales service	4,197	25.5%	4,584	31.7%
Total revenue	16,474	100.0%	14,471	100%

2. OTHER REVENUES AND INCOME

This item comprises:

€thousand	FY2022	FY2021
Contributions for operating expenses	426	451
Release of warranty and other provisions	134	84
Contingent assets	9	24
Recovery of costs incurred	590	529
Insurance refunds	2	226
Other miscellaneous revenues and earnings	46	23
Total	1,207	1,337

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 2022 income statement of €458 thousand).

This item includes €426 thousand (€451 thousand at 31 December 2021) 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 2022 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	FY2022	FY2021
Production materials	5,785	3,673
Service materials	609	593
Consumables	15	12
Equipment and software		3
Packaging	119	161
Others	55	46
Change in inventory raw materials and consumables	614	658
Total	7,197	5,146

Consumption of raw materials and other materials recorded an increase of €2,051 thousand substantially related to the increase in revenue and purchase cost of raw materials.

4. PERSONNEL EXPENSES

Personnel expenses amounted to €5,282 thousand, down 0.9% versus €5,329 thousand the year before. These consist of:

€thousand	FY2022	FY2021
Wages and salaries	3,758	3,759
Social security charges	1,220	1,219
TFR	304	351
Total	5,282	5,329

As a result of the higher revenue achieved, the overall ratio of labour costs to the value of production decreased from 36.7% in 2021 to 30.8% in the present period as a percentage of the value of production.

In the table below the change recorded in 2022 in the number of employees, broken down by category, is illustrated below:

	31 December 2021	Inbound	Outbound	Change	31 December 2022	Period average
Executives	5	1	(1)		5	5
Office workers and middle managers	80	2	(14)	1	72	76
Workers	37		(1)	(1)	32	34.5
Total	122	3	(16)		109	115.5

5. OTHER OPERATING COSTS

Other operating costs are as follows:

€thousand	FY2022	FY2021
Outsourced work	874	503
Travel expenses	208	152
Transportation and customs	352	276
Rent paid for offices and plants (contracts not falling under IFRS16)	4	7
Technical, legal and administrative consulting	651	502
Utilities	370	284
Commissions	889	331
Car and equipment rental	74	46
Auditors' emoluments	71	71
Insurance	180	203
Advertising, trade fairs and other commercial costs		4
Non-income taxes	96	116
Maintenance and housekeeping	91	43
Charges for personnel services	117	119
Motor vehicle management expenses	1	5
First-supply services	220	306
Bank services	28	38
Costs related to stock market listing	144	93
Costs for repairs and interventions	713	695
Research project costs	65	9
Entertainment expenses	29	4
Patent costs	33	75
Contributions and payments	25	30
Contingent liabilities	24	92
Warranty provisions	671	26
Other provisions	304	80
Others	248	96
Total	6,482	4,206

"Other operating costs" in the financial statements presented as at 31 December 2021 amounted to €5,182 thousand; this item was restated to €4,207 thousand for comparative purposes only by reclassifying €976 thousand (consulting costs for the arrangement procedure) under the item "Income (Expenses) from discharge in bankruptcy."

The increase from last year was mainly due to an increase in turnover-related costs (mainly outsourcing and commissions) and a significant increase in the warranty provision.

6. DEPRECIATION, AMORTISATION AND WRITE-DOWNS

€thousand	FY2022	FY2021
Amortisation of intangible fixed assets	373	440
Depreciation of tangible fixed assets	777	867
Write-down of intangible fixed assets	396	11
Write-down of trade receivables	112	4
Total	1,658	1,322

Depreciation/amortisation of tangible and intangible assets was carried out according to the rates already described above.

The write-down of intangible assets, amounting to €396 thousand, represents the write-down of development costs capitalised in previous years and valued at their recoverable value.

7. RECOVERY/(WRITE-DOWN) OF INVESTMENTS

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 14 for further discussion.

8. NON-RECURRING REVENUE

There is no non-recurring income in 2022, as in 2021.

9. INCOME/(EXPENSES) FROM DISCHARGE IN BANKRUPTCY

€thousand	FY2022	FY2021
Contingent asset from discharge in bankruptcy	17,866	
Consulting costs for the arrangement procedure	(814)	(976)
Total	17,052	(976)

"Income (Expenses) from discharge in bankruptcy" in the financial statements presented as at 31 December 2021 was zero; it was restated at €976 thousand for comparative purposes only by reclassifying €976 thousand (consulting costs for the arrangement procedure) from the item "Other operating costs."

This item amounting to €17,052 thousand, €(976) thousand at 31 December 2021, shows the effects resulting from the arrangement approved on 22 June 2022, in particular the impact resulting from discharge in bankruptcy net of the associated arrangement costs. For more details, please refer to the Note "Fidia's Arrangement Procedure".

10. FINANCE REVENUE AND EXPENSES

Finance revenue and expenses consist of:

€thousand	FY2022	FY2021
Finance revenue	7	13
Finance expenses	(307)	(315)
Net profit (loss) on derivatives	5	
Profit (loss) from foreign currency transactions	12	(96)
Total	(283)	(398)

Finance revenue consists of:

€thousand	FY2022	FY2021
Other finance income	7	13
Total	7	13

Finance expenses consist of:

€thousand	FY2022	FY2021
Interest expense on loans from banks and leasing companies	(278)	(271)
Finance expenses on termination benefits	(29)	(2)
Other finance expenses		(42)
Total	(307)	315

Net profit and loss on derivatives:

€thousand	FY2022	FY2021
Finance income on derivative instruments for Fair Value adjustment		
Fair value adjustment on IRS contract	5	
Total	5	

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	FY2022	FY2021
Realised exchange gains	36	11
Unrealised exchange gains	100	152
Realised exchange losses	(68)	(13)
Unrealised exchange losses	(56)	(246)
Total	12	(96)

11. INCOME TAX

Taxes recognized in profit or loss are:

€thousand	FY2022	FY2021
Income tax:		
Deferred tax assets absorbed	21	12
Total	21	12

In 2022, Fidia S.p.A. recorded a tax loss for IRES and IRAP purposes.

At 31 December 2022, the balance of the pre-paid tax assets and deferred tax liabilities amounted to:

€thousand	31 December 2022	31 December 2021
Deferred tax assets	350	409
Deferred tax liabilities	(127)	
Total	223	409

In all, pre-paid tax assets and deferred tax liabilities are as follows:

€thousand	At 31 December 2021	Recorded in P/L	Stated in equity	At 31 December 2022
Pre-paid taxes for:				
Application of IAS 19 - Termination Benefits	122	(21)		100
Tax loss	250	(250)		
Miscellaneous non-deductible provisions		250		250
Cash Flow Hedge reserve	37		(37)	
Total deferred tax assets	409	(21)	(37)	350
Deferred tax liabilities for:				
Application of IAS 19			57	57
Cash Flow Hedge reserve			70	70
Total deferred taxes			127	127

In the period 2022, the tax loss carryforwards were zeroed out as, in compliance with current tax regulations, they were fully utilised in deduction of the contingent income resulting from the debt reduction set out in the arrangement plan.

Statement of financial position

12. TANGIBLE FIXED ASSETS

In 2022 and 2021 the changes in Plant, Property and Equipment are detailed in the following schedule:

€ thousand	Opening balance at 01/01/2022			Changes in period					Net carrying amount at 31/12/2022
	Purchase cost	Depreciation reserve	Net carrying amount 1.1.2022	Additions	Decreases	Total	Decrease in Deprec. reserve	Depreciation of the period	
Land and buildings	9,888	(2,195)	7,693					(557)	7,136
Lightweight constructions	9	(8)	1						1
Total property	9,897	(2,203)	7,694					(557)	7,137
Plant and equipment	1,544	(1,442)	102	7	(100)	(93)	100	(32)	77
Industrial equipment	2,328	(2,257)	71		(80)	(80)	80	(60)	11
Electrical tools	788	(778)	10					(5)	5
Furnishing	822	(698)	124					(19)	105
Electrical equipment	1,140	(1,126)	14	1		1		(9)	6
Means of transportation	617	(481)	136		(365)	(365)	365	(94)	42
Other tangible assets	32	(30)	2					(1)	1
Total property, plant and equipment	17,168	(9,015)	8,153	8	(545)	(537)	(545)	777	7,384

Of which rights of use:

	Property	Total plant, machinery and equipment	Other assets	Total
Net carrying amount at 31/12/2021	8,065		74	8,139
Increases				
Net decreases				
Depreciation	(557)		(74)	(631)
Net carrying amount at 31/12/2022	7,508			7,508

€thousand	Opening balance at 01/01/2021			Changes in period					Net carrying amount at 31 December 2021
	Purchase cost	Deprec. reserve	Net carrying amount at 01/01/2021	Additions	Decreases	Total	Decrease accrued depreciation	Depreciation	
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
Electronic 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

The company made investments of €8 thousand in the year 2022.

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 €777 thousand, is recognised in profit or loss under "Depreciation, amortisation 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 2022, please refer to the previous section "Recoverable amount of non-current assets."

13. 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 in 2022:

€thousand	Opening balance at 01/01/2022			Changes in period						Net carrying amount at 31/12/2022
	Purchase cost	Deprec. reserve	Net carrying amount 1.1.2021	Additions	Decreases/Write-downs	Reclassifications	Total	Decrease accrued depreciation	Depreciation in period	
Licenses	135	(134)	1	18			18		(2)	17
Software	338	(331)	7						(4)	3
Development Costs	2,188	(1,226)	962			192	192		(367)	787
Assets under development	588		588	145	(396)	(192)	(443)			145
Total intangible fixed assets	3,249	(1,691)	1,558	163	(396)		(233)		373	952

Development costs incurred and capitalised during the period amounted to €163 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.

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

During 2022, €396 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 2022 on the net invested capital of Fidia SpA (refer to the section "Recoverable value of non-current assets"), there are no further impairments.

14. EQUITY INVESTMENTS

At 31 December 2022 these amounted to €6,646 thousand. The following changes were registered:

€thousand	Balance at 31 December 2021	Increases	Decreases	Write-downs	Write-backs	Balance at 31 December 2022
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 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

Detailed information of the investments in subsidiaries, associates and others and their changes is provided in the table below:

€thousand	Balance at 31 December 2021	Increases	Decreases	(Write-downs)/ Write-backs	Balance at 31 December 2022
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 Fidial 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 Fidial NC & Machine Co. Ltd.					
Historical cost	2,443				2,443
Provision for write-down	(2,443)				(2,443)
OOO Fidial					
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 2021 and 2022 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 2023-2026 timeframe. 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	11.12%
Beijing Fidia M&E Co. Ltd.	China	12.48%
Shenyang Fidia NC & Machine Co. Ltd.	China	12.48%
Fidia GmbH	Germany	11.12%
Fidia Sarl	France	12.06%
Fidia Iberica S.A.	Spain	14.20%
Fidia Do Brasil Ltda	Brazil	16.91%

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 December 2022.

15. OTHER NON-CURRENT FINANCIAL ASSETS

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.

(€thousand)	31 December 2022		31 December 2021	
	Notional amount	Fair value	Notional amount	Fair value
<i>Cash Flow Hedge</i>				
Interest rate risk - INTESA Interest Rate Swap	2,629	290		
Total		290		

16. OTHER NON-CURRENT RECEIVABLES AND ASSETS

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

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Security deposits	4	157
Receivables for foreign VAT	11	19
Other current		16
Multi-year prepaid expenses		5
Total other non-current receivables and assets	15	197

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

17. INVENTORY

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

€thousand	Balance at 31 December	
	2022	Balance at 31 December 2021
Raw/auxiliary materials and consumable supplies	6,112	6,505
Provisions for write-down of raw materials	(2,352)	(2,131)
Net value of raw materials, subsidiary materials and consumables	3,760	4,374
Semi-finished products and work in progress	2,114	1,833
Finished products and goods for resale	421	1,012
Finished products and goods depreciation provision	(334)	(97)
Net value finished products and goods	87	915
Advances	281	1,009
Total inventory	6,242	8,131

Inventories recorded a decrease of €1,889 thousand YOY.

The provisions for depreciation equivalent to €2,686 thousand (€2,228 thousand at 31 December 2021) 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.

18. TRADE RECEIVABLES

At 31 December 2022 these amounted to €6,532 thousand, namely €466 thousand lower compared with 31 December 2021. In detail:

€thousand	Balance at 31 December	
	2022	Balance at 31 December 2021
Trade receivables from customers	3,235	4,777
Provision for bad debts	(1,049)	(937)
Total trade receivables from others	2,185	3,840
Receivables from subsidiaries	4,346	3,158
Total trade receivables	6,532	6,998

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

€thousand	31 December 2022	31 December 2021
Unexpired	976	306
Due up to 1 month	131	2,601
Due 1 to 3 months	561	199
Due 3 months to 6 months	92	19
Due 6 months to 1 year	43	96
Due over 1 year	1,432	1,556
Total	3,235	4,777

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 €1,049 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 2021	937
€thousand	
Provisions in period	112
Utilisations	
Balance at 31 December 2022	1,049

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

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Italy	1,211	518
Europe	174	148
Asia	1,808	4,078
Rest of the World	42	33
Total	3,235	4,777

Receivables from subsidiaries were the following:

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Fidia Co.	1,847	399
Fidia Sarl	48	(13)
Fidia Iberica S.A.	67	99
Fidia GmbH	1,450	660
Fidia do Brasil Ltda	556	845
Beijing Fidra M&E Co. Ltd.	378	1,168
Total Receivables	4,346	3,158

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 2022	Balance at 31 December 2021
Europe	1,565	746
North and South America	2,403	1,244
Asia	378	1,168
Total	4,346	3,158

At year-end there were no receivables from associates.

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

19. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Current tax receivables:		
Receivables from tax authorities for VAT	54	31
Tax receivables for income tax and IRAP	46	46
Other tax receivables	238	234
Total current tax receivables	338	311
Research grants	137	12
Accruals and prepayments	127	122
Receivables from employees	188	186
Receivables from social security institutions	116	121
Advances from suppliers	130	448
Dividends receivable		1,222
Receivables from banking institution for undue compensation	331	331
Total other current receivables and assets	1,029	2,442

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.

20. OTHER CURRENT FINANCIAL ASSETS

This item represents an interest-bearing loan from the Parent Company to the Fidia do Brasil branch, amounting to €69 thousand, including accrued interest, expiring on 31/12/2022.

21. CASH AND CASH EQUIVALENTS

The overall total of cash amounted to €1,421 thousand (€1,970 thousand at 31 December 2021). This item is composed of temporary cash on bank accounts pending future use amounting to €1,420 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.

22. SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2022 amounted to €6,701 thousand, up €15,206 thousand compared with 31 December 2021. The change was due to:

- profit in the period (€13,263 thousand);
- share capital increase (€2 million) and subsequent reduction of the share premium reserve due to the accounting of expenses incurred for the capital increase (€573 thousand);
- positive effect of the accounting of actuarial change on the termination benefits net of the theoretical tax effect (€181 thousand);
- positive effect of the cash flow hedge reserve net of the theoretical tax effect (€335 thousand).

The main classes composing the Shareholders' Equity and related changes are the following.

Share capital

The share capital of Fidia S.p.A. at 31 December 2022, fully subscribed and paid up, shows the new composition of the share capital as a result of the full subscription of the capital increase reserved for Fai Bidco Uno S.r.l. now in liquidation, for a total amount of €2,000,000.00 with the issuance of 1,819,141 ordinary shares, having the same characteristics as the outstanding ordinary shares. As a result of the said transaction, the share capital amounts to a total of €7,123,000.00, divided into 6,942,141 ordinary shares with no indication of par value because by a resolution of the Ordinary and Extraordinary Shareholders' Meeting of 18 November 2022, it was decided to eliminate the par value of these shares.

The following table illustrates reconciliation between the number of circulating shares at 31 December 2020 and the number of circulating shares at 31 December 2022:

	At 31 December 2020	(Purchases)/Sales of treasury shares; new subscriptions	At 31 December 2021	(Purchases)/Sales of treasury shares; new subscriptions	At 31 December 2022
Ordinary shares issued	5,123,000		5,123,000	1,819,141	6,942,141
Minus: Treasury shares	10,000		10,000		10,000
Circulating ordinary shares	5,113,000		5,113,000	1,819,141	6,932,141

Share premium reserve

This reserve amounted to €667 thousand and was reduced compared with 31 December 2021 by €573 thousand as a result of accounting for the costs incurred for the share capital increase.

Legal reserve

Legal reserve in the amount of €883 thousand was unchanged compared with 31 December 2021.

Provisions for treasury shares in portfolio

At 31 December 2022, it amounted to €46 thousand and was unchanged YOY.

These reserves are not available until treasury shares are held.

Extraordinary reserve

At 31 December 2022, it amounted to €309 thousand and was unchanged compared with 31 December 2021.

Reserve profit/loss on exchange rates not realised

At 31 December 2022, it amounted to €8 thousand and was unchanged compared with 31 December 2021.

Earnings (loss) carried forward

At 31 December 2022, losses carried over amounted to €(15,666) thousand and decreased by €2,858 thousand compared with 31 December 2021 due to the allocation of the 2021 loss as per the shareholders' resolution of 18 November 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 2022, 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 2022	10,000	1	0.20%	46	4.55
Purchases					
Sales					
Write-downs					
Write-backs					
Situation at 31 December 2022	10,000		0.14%	46	4.55

Profit (loss) stated directly in equity

At 31 December 2022, it amounted to €104 thousand compared with €285 thousand at 31 December 2021; the change was due to the accounting of actuarial changes for termination benefits in 2022, 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 2022, 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 31/12/2022
		Opening balance at 01/01/2022	Increases	Decreases			
<i>Interest rate swap</i>	Interest rate risk	(117)	335			218	
Total		(117)	335			218	

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:	7,123				
Capital reserves:					
Provisions for share premium (1)	667	A, B			
Profit reserves:					
Provisions for treasury shares	46				
Legal reserve	883	B			
Cash Flow Hedge reserve	218				
Profit (loss) stated directly in equity	(104)				
Extraordinary reserve	309	A,B,C	309		
Earnings (loss) carried forward	(15,666)			16,551	
Unrealised foreign exchange gains and others	8	A,B,C			
Total distributable share			309	16,551	

(1) Fully available for increase of share capital and coverage of loss. For other utilizations, 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

23. OTHER NON-CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Advances for research projects	15	176
Long-term deferred income and other payables	4	19
Total	19	195

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.

24. 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 2022	2,188
Amount accrued and allocated in year	304
Benefits paid out in year	(16)
Amount transferred to State Fund and complementary pension scheme	(283)
Finance expenses on termination benefits	29
Accounting of actuarial losses	(238)
Substitute tax	(23)
Balance at 31 December 2022	1,961

Actuarial profit and loss are stated off the statement of comprehensive income and directly carried over to equity (see Note No. 22).

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 €29 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 31 December 2022	At 31 December 2021
Discount rate	EUR Composite AA curve	EUR Composite AA curve
Future inflation rate	2.30%	1.75%
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 2022
1	3.25%
2	3.55%
3	3.59%
4	3.66%
5	3.71%
6	3.72%
7	3.71%
8	3.71%
9	3.71%
10	3.73%
11	3.82%
12	3.73%
13	3.25%
14	3.55%
15 +	3.59%

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 2022
+0.25% inflation rate	1,979
0.25% inflation rate	1,948
+0.25% discount rate	1,940
0.25% discount rate	1,963
+1% turnover rate	1,968
1% turnover rate	1,957

Service cost and duration

Service cost pro-future	0.00
Duration of the plan	5.7

Future plan disbursements (€thousand)

Years	Planned disbursements
1	358
2	125
3	291
4	263
5	75

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 2022.

	Ipotesi di Base	Variazioni delle Ipotesi di Base												
		0,55%	1,05%	63,00%	77,00%	2,70%	3,30%	2,70%	3,30%	2,70%	3,30%			
Tasso d'inflazione proiettato	Curva													
Incidenza media dell'anticipo sul TFR maturato inizio anno	70,00%													
Tasso di rit. basta. di anticipo: Direzione	3,00%													
Tasso di rit. basta. di anticipo: Quadro	3,00%													
Tasso di rit. basta. di anticipo: Impiegato	3,00%													
Tasso di rit. basta. di anticipo: Operaio	3,00%													
Tasso di rit. basta. di anticipo: Apprendista	3,00%													
Tasso di ammortamento	Curva													
Tasso di uscita per dimissioni e licenziamento: Direzione	5,00%													
Tasso di uscita per dimissioni e licenziamento: Quadro	3,00%													
Tasso di uscita per dimissioni e licenziamento: Impiegato	3,00%													
Tasso di uscita per dimissioni e licenziamento: Operaio	3,00%													
Tasso di uscita per dimissioni e licenziamento: Apprendista	3,00%													
Società	IFR su base IAS ^(*)	Variazione percentuale del IFR su base IAS rispetto alle Ipotesi di Base												
Fidia S.p.A.	1.963.163	-0,94%	0,96%	0,04%	-0,04%	0,33%	-0,32%	0,20%	-0,31%	0,27%	-0,25%			

(*) amounts in EUR

25. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item was zeroed at 31 December 2022 because 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 became positive.

€thousand	31 December 2022		31 December 2021	
Cash Flow Hedge	Notional amount	Fair value	Notional amount	Fair value
Interest rate risk - INTESA Interest Rate Swap			2,815	158
Total				158

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.

26. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €6,595 thousand and are specified in detail in the following table:

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Overdrawn bank accounts and short-term advances	255	2,099
Financial accruals and deferrals		23
Inter-company loans	221	2,195
ISP loan "3.500" (medium/long-term portion and short-term portion)	35	350
BNL loan "2,500" (medium/long-term portion and short-term portion)	289	525
ISP loan "3,000" (medium/long-term portion and short-term portion)	110	1,075
BPM loan "1.500" (medium/long-term portion and short-term portion)	66	650
UNICREDIT loan (Plafond Supercash Rotativo)	54	543
ISP loan "1.500" (medium/long-term portion and short-term portion)	64	627
Short-term BNL loan No. 1873555	56	556
Loans and financial liabilities with credit institutions	1,150	8,643
Mediocredito Italiano (Forlì' property lease)	4,360	4,590
Due to Mediocredito for accrued interest	63	
San Mauro Torinese property lease (IFRS16)	1,022	649
Car leases (IFRS16)		77
Liabilities for leases	5,445	5,316
Total	6,595	13,959

The allocation of the financial liabilities by due date was as follows:

€thousand	By 1 year	By 5 years	Beyond 5 years	Total
Overdrawn bank accounts and other short-term advances	13	242		255
Inter-company loans		221		221
Bank loans	262	412		674
Loans and financial liabilities with credit institutions and inter-group companies	275	875		1,150
Mediocredito Italiano (Forlì' property lease)	400	1,655	2,368	4,423
San Mauro Torinese property lease (IFRS16)	755	267		1,022
Liabilities for leases	1,092	1,922	2,368	5,445
Total	1,430	2,796	2,368	6,595

The standstill agreement, from which the Company had benefited, signed with credit institutions in early April 2020 and extended until the end of 2020, which had entailed the suspension of the repayment of the principal amounts of the relevant loans, must now be considered definitively terminated given that the current arrangement proceedings have superseded any other agreement previously reached with third parties (in this case, the creditor banks).

The arrangement plan provides for the subordination of the company's debts to subsidiaries amounting to €221 thousand. These debts can be satisfied only after the arrangement requirements are met.

In the area of financial payables, the BNL Loan "2.500" has been recognised as a preferential debt since it is backed by a guarantee issued by SACE for 50% of the exposure, which upon enforcement will automatically acquire the right to recourse against the company being in default. The amount of €263 thousand was recognised as a preferential debt, based on the request received from SACE, and must be repaid by 30 June 2023. The remaining part, amounting to €26 thousand, must be repaid with the other unsecured debts by 29 February 2024.

The remaining financial debts to credit institutions are to be repaid by the end of February 2024 as stipulated in the arrangement plan.

The main features of the lease liabilities are shown below:

Property lease - Mediocredito Italiano - line 1

Amount	€5,598 thousand
Major instalment	€1,260 thousand
Residual amount	€3,096 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
Residual amount	€448 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
Residual amount	€816 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
Residual amount	€1,022 thousand
Date of first adoption	01/01/2019

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

€thousand	Balance at 01/01/2022	New loans	Repayments	Write-off under arrangements	Balance at 31/12/2022
Inter-company loans	2,195			(1,974)	221
ISP loan "3.500"	350			(315)	35
BNL loan "2.500"	525			(236)	289
ISP loan "3,000"	1,075			(965)	110
BPM loan "1.500"	650			(584)	66
UNICREDIT loan (Plafond Supercash Rotativo)	543			(489)	54
ISP loan "1.500"	627			(563)	64
BNL loan	556			(500)	56
Loans and financial liabilities with credit institutions	6,521			(5,626)	895
Mediocredito Italiano (Forli' property lease)	4,590		(230)		4,360
San Mauro Torinese property lease (IFRS16) (*)	648	437			1,022
Car leases Italy (IFRS16)	78		(78)		
Liabilities for leases	5,316	374	(307)		5,383
Total	11,837	374	(307)	(5,626)	6,278

(*) The increase was due to the reclassification from trade payables to financial payables of unpaid instalments, including accrued interest.

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. 31.

27. TRADE PAYABLES

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Payables to other suppliers	5,176	10,551
Payables to subsidiaries	1,183	6,245
Payables to associates	2	18
Total trade payables	6,361	16,814

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

€thousand	Due date within 1 month	Due from 1 to 3 months	Due from 3 to 12 months	Due date 1 to 5 years	Total
Payables to other suppliers	3,075	2,064	35	2	5,176
Payables to subsidiaries	486	349	348		1,183
Payables to associates	2				2
Total trade payables	3,563	2,413	383	2	6,361

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

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Italy	4,124	8,490
Europe	132	571
Asia	917	1,485
North and South America	3	
Rest of the World		5
Total	5,176	10,551

Payables to subsidiaries, which refer to trade items due within the next period are divided as follows:

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Fidia Co.	40	341
Fidia Iberica S.A.	16	20
Fidia GmbH	31	173
Beijing Fidial M&E Co. Ltd.	980	5,351
Fidia Sarl	1	
Fidia do Brasil Ltda	115	360
Total payables to subsidiaries	1,183	6,245

Similarly to what has been mentioned with regard to trade receivables from subsidiaries (Note 18), with reference to intercompany payables, 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 2022	Balance at 31 December 2021
Europe	48	193
Asia	980	5,351
North and South America	155	701
Total	1,183	6,245

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

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Prometec Consortium		2
Probest Service S.p.A.	2	12
Total	2	18

Trade payables are due by the next period, and it is deemed that their carrying amount at reporting date is near fair value.

28. TAX PAYABLES, OTHER CURRENT PAYABLES AND LIABILITIES

€thousand	Balance at 31 December 2022	Balance at 31 December 2021
Current tax payables:		
Withholding tax	845	738
Payables to tax authorities for VAT	68	64
Other tax payables	15	19
Total current tax payables	928	821
Other current payables and liabilities:		
Payables to employees	1,951	1,813
Social security payables	1,193	1,147
Advance from customers	2,752	6,494
Payables for emoluments	370	353
Deferrals	20	41
Payables to lending institution for undue compensation	34	331
Accrued expenses	40	145
Miscellaneous payables	139	179
Total other current payables and liabilities	6,499	10,504

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 €809 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.

29. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and expenses amounted to €2,080 thousand as per the schedule.

€thousand	Balance at 31 December 2021	Accrual	Proceeds/release	Balance at 31 December 2022
Warranty provisions	377	671		1,048
Other provisions	388	778	(134)	1,032
Total other provisions for risks and expenses	765	1,449	(134)	2,080

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.

Other provisions includes the following provisions:

- provision for impairment losses on investments related to Fidia do Brasil Ltda. in the amount of EUR 216 thousand, unchanged from the previous year;
- provision for risks on unsecured debts for €112 thousand, provision for risks on preferential debts for €342 thousand, and provision for legal risks for €10 thousand set aside in order to take into account possible contingent liabilities under the arrangement procedure; these provisions were estimated when defining the arrangement debt and were accounted for as a reduction of the contingent asset from discharge in bankruptcy;
- INAIL risk provision originally recorded in the amount of €162 thousand related to the estimate of the potential impact resulting from the inspection by INAIL - the Italian National Institute for Insurance against Accidents at Work - that took place in 2018 and was closed in March 2022 with a settlement of the audit amounting to €102 thousand;
- provision for pending litigation amounting to €250 thousand.

30. COLLATERAL GUARANTEES, OBLIGATIONS AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 31 December 2022, it amounted to €467 thousand and was unchanged compared with 31 December 2021. 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 2022 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.

31. 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 with 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 2022, 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.

As at 31 December 2022 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 with 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 2022 and 31 December 2021. The prevalence of financial assets 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 2022	+5% change		5% change	
	P&L	Other changes in equity	P&L	Other changes in equity
FOREIGN CURRENCY FINANCIAL ASSETS				
Cash and cash equivalent	11	(1)	1	
Hedging derivatives				
Receivables	517	(25)	27	
Effect		(24)	28	
FOREIGN CURRENCY FINANCIAL LIABILITIES				
Derivatives for trading				
Hedging derivatives				
Loans payable	180	9	(9)	
Overdrawn bank accounts				
Trade payables	279	13	(15)	
Effect		22	(24)	
Total effect		(2)	4	

Note: The foreign exchange risk sensitivity test on financial statement items denominated in currencies other than the functional currency was conducted on the entire amount shown in the financial statements at 31 December 2022. However, certain accounting items pertaining to debt positions also include debts admitted to the parent company's arrangement procedure, the values of which were crystallised as at 13 November 2020, and are therefore unaffected by any exchange rate fluctuations. For these items, the sensitivity impacts shown in the table are therefore to be considered estimated in excess.

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			
Trade payables	1,147	55	(60)	
Effect		143	(158)	
Total effect		52	(58)	

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 finance expenses 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 2022 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 2022, the Company had an Interest Rate Swap contract to hedge interest rate risk; it has a total positive fair value amounting to €290 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 2022, 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 2022 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 2022, 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 2022, 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 2022, as in 2021, appears consistent with the changed market scenario which, after several years of expansive monetary policy characterised by very low and tendentially stable interest rates, has recently been characterised by a rapid and consistent 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 2022			
		+100 bps change		10 bps change	
		P&L	Other changes in equity	P&L	Other changes in equity
FINANCIAL LIABILITIES					
Floating-rate loans	564	(6)		1	
Fixed-rate loans	332				
Floating-rate finance leases	4,360	(44)		4	
Operating leases and rent (IFRS16)	1,021				
IRS hedging derivatives	(290)	26	116	(3)	(12)
Total impact		(24)	116	2	(12)

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)

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.

Note: With reference to the specific category of floating-rate loans payable (thus excluding floating-rate finance leases), the sensitivity analysis is, in fact, a purely theoretical exercise because these financial liabilities, following the approval of the arrangement plan are in fact "frozen" and will fall within the scope of the distribution plan of the arrangement agreement.

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 2022 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. On 29 September 2021, the 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 company 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 takes into account the financial debt repayment commitments in the arrangement plan.

MATURITY ANALYSIS (€thousand)

	Carrying amount at 31 December 2022	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	675	675			263	412	
Other loans	221	221				221	
Overdrawn bank accounts and short-term advances (*)	254	254	13			241	
Trade payables	5,786	5,786	5,401	383		2	
Liabilities for finance leases	4,360	5,496	39	78	427	1,862	3,090
Operating leases and rent (IFRS16)	1,021	1,037	17	121	512	387	
DERIVATIVE LIABILITIES							
Interest rate swap							
TOTAL	12,318	13,469	5,470	581	1,202	3,125	3,090

(*) The amount includes self-liquidating short-term advances (e.g., invoice advances, collection bills, export advances) included in the arrangement debt totalling €241 thousand.

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.

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 2022 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. 30.

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 2022, 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 a hedging transaction in place relating 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 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)

2022

Floating-rate exposures

Floating-rate loans payable (*) 564

Floating-rate leases 4,360

Total exposure to interest rate risk (*) 4,360

(*) Floating-rate loans payable are among the arrangement debts, and as such, the amounts have been "sterilised." Therefore, they are comparable to non-interest-bearing loans

	2022	2023	2024	2025	2026 and beyond
Covered exposures					
Hedged exposures (outstanding principal)	3,096	2,861	2,647	2,422	2,186
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)	2,629	2,436	2,235	2,028	1,814
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 2021.

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%

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 2022 (IRS), i.e.: the notional amount, the carrying amount (fair value), the financial statement 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		Statement of financial position item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
<i>Interest Rate Swaps</i>	2,629	290		other financial assets other financial liabilities	
Total	2,629	290			

For comparative purposes, the table below shows the hedging instruments in place at 31 December 2021.

Hedge accounting - Hedging instruments

Cash flow hedges (€thousand)	Notional amount of hedging instruments	Carrying amount of hedging derivatives		Statement of financial position item used for derivatives	Change in fair value used to calculate ineffectiveness
		Assets	Liabilities		
Interest rate risk					
Interest Rate Swaps	2,815		157	other financial assets other financial liabilities	
Total	2,815		157		

The following table provides aggregate information on the hedged financial liabilities at 31 December 2022, i.e.: the carrying amount (amortised cost), the financial statement 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 (2022)

Cash flow hedges (€thousand)	Carrying amount of the hedged items		Statement of financial statement item used for derivatives	Change in fair value used to calculate ineffectiveness	Cash Flow Hedge reserve (*)
	Assets	Liabilities			
Interest rate risk					
Floating-rate leases		3,096	Financial assets		(290)
Total		3,096			(290)

(*) 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 2021.

Hedge accounting - hedged items (2021)

Cash flow hedges (€thousand)	Carrying amount of the hedged items		Statement of financial position 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

Finally, the following table provides summary information on the effects of applying hedge accounting.

Hedge accounting - summary of effects (2022)

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 3 IRS	443	6	finance expenses and income	443	finance expenses and income
Total	443	6		443	

(*) 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.

For comparative purposes, the table below shows the effects of hedge accounting on the 2021 financial statements.

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 3 IRS	133		finance expenses and income	133	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.

Counterpart €thousand	Raw materials and consumables	Other operating costs	Personnel expenses	Revenues	Other operating revenue	Proceeds from discharge in bankruptcy	Finance revenue
Fidia GmbH	25	5		2,847	249	363	
Fidia Sarl	1			227	44	49	
Fidia Iberica S.A.				382	77		
Fidia Co.	17	1		1,706	104	3,393	
Fidia do Brasil Ltda		84		37	13		3
Beijing Fidias Machinery & E. Co. Ltd.	34	697		278	59	2,490	
Shenyang Fidias NC&M Co. Ltd.							
OOO Fidias							
Total Group companies	77	787		5,477	546	6,295	3
Other related parties (associates)							
Other related parties (Giuseppe and Luca Morfino)	7	70	7				
Compensation Board of Directors			60				
Compensation Board of Statutory Auditors		71					
Total other related parties	7	141	67				
Total Group companies and other related parties	84	928	67	5,477	546	6,295	3
Total item	7,197	6,482	5,282	16,474	1,207	17,866	12
As % of financial statement item	1%	14%	1%	33%	45%	35%	25%

32. 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 2022, the Company held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €290 thousand, classified within Level 2 of the hierarchical assessment of fair value.

33. INTER-COMPANY AND RELATED PARTIES TRANSACTIONS

With regard to Fidias 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 2022 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 - 2022

Counterpart €thousand	Raw materials and consumables	Other operating costs	Personnel expenses	Revenues	Other operating revenue	Proceeds from discharge in bankruptcy	Finance revenue
Fidia GmbH	25	5		2,847	249	363	
Fidia Sarl	1			227	44	49	
Fidia Iberica S.A.				382	77		
Fidia Co.	17	1		1,706	104	3,393	
Fidia do Brasil Ltda		84		37	13		3
Beijing Fidias Machinery & E. Co. Ltd.	34	697		278	59	2,490	
Shenyang Fidias NC&M Co. Ltd.							
OOO Fidias							
Total Group companies	77	787		5,477	546	6,295	3
Other related parties (associates)							
Other related parties (Giuseppe and Luca Morfino)	7	70	7				
Compensation Board of Directors			60				
Compensation Board of Statutory Auditors		71					
Total other related parties	7	141	67				
Total Group companies and other related parties	84	928	67	5,477	546	6,295	3
Total item	7,197	6,482	5,282	16,474	1,207	17,866	12
As % of financial statement item	1%	14%	1%	33%	45%	35%	25%
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 Fidias Machinery & E. Co. Ltd.	70	416			478	60	
Shenyang Fidias NC&M Co. Ltd.							
OOO Fidias							
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 financial statement item	2%	11%	1%	0%	47%	38%	29%

31 December 2022

Counterpart €thousand	Trade receivables	Other current financial assets	Trade payables	Other current payables	Current financial liabilities
Fidia GmbH	1,450		31		41
Fidia Sarl	48		1	4	
Fidia Iberica S.A.	67		16	65	
Fidia Co.	1,847		40	716	180
Fidia do Brasil Ltda	556	69	115	24	
Beijing Fidya Machinery & E. Co. Ltd.	378		981		
Shenyang Fidya NC&M Co. Ltd.					
OOO Fidya					
Total Group companies	4,346	69	1,184	809	221
Other related parties (associates)			2		
Other related parties (Giuseppe and Luca Morfino, Carlos Maidagan)				9	
Other related parties (Payables to BoD members of Fidya SpA)				134	
Other related parties (Payables to Board of Statutory Auditors Fidya S.p.A.)				236	
Total other related parties			2	379	
Total Group companies and other related parties	4,346	69	1,186	1,188	221
Total item	6,532	69	6,361	6,499	1,430
As % of financial statement item	67%	100%	19%	18%	15%

31 December 2021

Counterpart €thousand	Trade receivables	Other current receivables	Other current financial assets	Trade payables	Other current payables	Current financial liabilities
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 Fidial Machinery & E. Co. Ltd.	1,167	1,222		5,352		
Shenyang Fidial NC&M Co. Ltd.						
OOO Fidial						
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 Fidial SpA)					120	
Other related parties (Payables to Board of Statutory Auditors Fidial 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 financial statement item	45%	50%	100%	37%	19%	25%

The most significant relations in the period between Fidial S.p.A. and the Group companies were mainly of a commercial nature. The foreign subsidiaries of Fidial 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 Fidial NC & M Co. Ltd. manufactures and sells numerical controls and milling systems designed by Fidial 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.

Relations with related parties, 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.

34. 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 323821138) having application effective 5 May 2021, we report that the net financial position of Fidia S.p.A. at 31 December 2022 was as follows:

Financial Position (€thousand)		2022	2021
A	Cash	1,421	1,970
B	Cash equivalents		
C	Current financial assets	69	84
D=A+B+C	Liquidity	1,491	2,054
E	Current financial debt	13	5,956
F	Current portion of non-current financial debt	1,417	2,939
G=E+F	Current financial indebtedness	1,430	8,895
H=GD	Net current financial indebtedness	(60)	6,841
I	Non-current financial debt	4,875	5,222
J	Debt instruments		
K	Non-current trade and other payables	4,655	15,530
L=I+J+K	Non-current financial indebtedness	9,530	20,752
M=H+L	Total financial indebtedness	9,470	27,593

35. NON-RECURRENT SIGNIFICANT EVENTS AND TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2022 the company did not have any non-recurrent significant transactions.

36. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

According to Consob Notice of 28 July 2006, in 2022 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.

37. 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 2022

€ thousand	Carrying amount at 31 December 2022	Amortised Cost	FV recognised in equity	FV recognised in profit or loss	IFRS 9	Fair value at 31 December 2022
ASSETS						
Cash	1,421					1,421
Hedging derivatives	290		290			290
Total	1,711		290			1,711
LIABILITIES						
Liabilities at amortised cost	6,002	6,002				6,002
Total	6,002	6,002				6,002

NET PROFIT AND LOSS BY CATEGORY - IFRS 9 - 31 December 2022

€ thousand	Net profit and loss	of which from interest
ASSETS		
Cash	1	1
Hedging derivatives		
Total	1	1
LIABILITIES		
Liabilities at amortised cost	(254)	(254)
Total	(254)	(254)

38. 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 %
Earnings before tax	13,284	3,188	
Theoretical tax			24%
Increases of a permanent nature	2,614	627	5%
Decreases of a permanent nature	(3,753)	(901)	7%
Temporary changes in which no deferred tax assets are recorded	495	119	1%
Tax loss offsetting and ACE utilisation	(12,640)	(3,034)	23%
Actual IRES tax			
Current taxes			
Deferred tax assets		21	
Deferred taxes			
Taxes prior years			
Total		21	

39. 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.

40. SUBSEQUENT EVENTS

With reference to significant events after the reporting date, please refer to the special section "Significant events after year end and business outlook" contained in the Director's Report.

41. PROPOSED ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

We propose that you approve the Financial Statements at 31 December 2022 and carry forward the profit for the period, amounting to **€13,263,111.92**.

Annexes

The annexes comprise additional information compared with 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 2022;
- information as per article 149/XII of the Consob Regulation on Issuers.

San Mauro Torinese, April 3rd 2023

On behalf of the Board of Directors

The Chairman
Mr. Luigi Maniglio



Annexes

Fidia S.p.A. - FINANCIAL STATEMENTS AT 31 DECEMBER 2022

List of investments with additional information required by CONSOB (Notice No. DEM/6064293 of 28 July 2006)

	Share capital	Carrying amount of shareholders' equity	Profit (loss) at 31/12/2022	Profit (loss) at 31/12/2021	% held	Portion of carrying amount of the shareholders' equity for the period	Net financial statement value	Difference between equity for the period and carrying amount
SUBSIDIARIES								
Fidia GmbH – Germany Robert Bosch Strasse, 18 - 63303 Dreieich (Germany)	520,000	924,034	(460,305)	311,306	100%	924,034	1,136,952	(212,918)
Fidia Co. (*) - United States 3098 Research Drive - 48309 Rochester Hills (Michigan - United States)	375,023	3,590,348	3,894,140	7982	100%	3,590,348	3,465,754	124,594
Fidia Iberica S.A. – Spain Parque Tecnológico de Zamudio - Edificio 208 - 48170 Zamudio (Bilbao)	180,300	178,002	10,102	(51,353)	99.993%	177,990	171,440	6,550
Fidia S.a.r.l. - France 47 bis, Avenue de l'Europe - 77184 Emerainville (France)	300,000	311,690	24,861	26,196	93.19%	290,464	221,434	69,030
Beijing Fidias Machinery & Electronics Co. Ltd. (*) - China Room 106, Building C, No. 18 South Xihuan Road - Beijing Development Area - 100176 Beijing (PRC)	1,741,524	1,454,083	148,590	(440,769)	100%	1,454,083	1,637,652	(183,569)
Fidia Do Brasil Ltda (*) – Brazil Av. Salim Farah Maluf, 4236 - 3° andar Mooca Sao Paulo - CEP 03194010 (Brazil)	70,912	(272,073)	148,590	(44,465)	99.75%	(271,393)		(271,393)
Shenyang Fidias NC & Machine Company Limited (*) - China n.1, 17A, Kaifa Road - Shenyang Economic & Technological Development Zone - 110142 Shenyang (PRC)	5,778,267	239,442	(421,139)	(636,582)	51%	122,115		122,115
OOO Fidias (*) - Russia ul. Prospekt Mira 52, building 3, 129110 Moscow (Russia - Russian Federation)	40,723	15			100%	15		15
ASSOCIATES								
Consorzio Prometec – Italy Via Al Castello n. 18/A - Rivoli (Turin)	10,329	10,329			20%	2,066		2,066

(*) The amounts were translated into EUR at the exchange rates at 31/12/2022 and 31/12/2021.

Fidia S.p.A. - FINANCIAL STATEMENTS AT 31 DECEMBER 2022

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	31/12/22	31/12/22	31/12/22	31/12/22	31/12/22
Inclusion in scope of consolidation (line by line)					
ASSETS					
Non-current assets					
Property, plant and equipment	244,758	1,190,392	303,190	121,984	118,486
Intangible fixed assets	1	48,867			3,302
Equity investments	22,867			3,366	
Other non-current financial assets					
Deferred tax assets	35,925	135,800	14,244		178,802
Other non-current receivables and assets		1,113	7,490		
Total non-current assets	303,551	1,376,172	324,924	125,349	300,590
Current assets					
Inventory	127,357	3,074,476	82,266	217,803	901,229
Trade receivables and other receivables	1,920,918	1,323,223	164,809	198,890	1,094,991
Cash and cash equivalents	684,124	1,535,226	421,464	238,867	168,827
Total current assets	2,732,400	5,932,925	668,540	655,560	2,165,047
Total assets	3,035,950	7,309,097	993,465	780,910	2,465,636
LIABILITIES					
Shareholders' equity					
Share capital	520,000	400,000	300,000	180,300	399,843
Other reserves	864,340	7,582,956	(13,171)	(12,400)	(2,771,796)
Profit (loss) for the period	(460,305)	(4,153,490)	24,861	10,102	837,841
TOTAL SHAREHOLDERS' EQUITY	924,035	3,829,466	311,690	178,003	(1,534,112)
Non-current liabilities					
Other non-current payables and liabilities			52,032		
Termination benefits					
Deferred tax liabilities	28,237			12,845	
Long-term provisions					
Other non-current financial liabilities					
Non-current financial liabilities	141,075	802,684	370,623	173,377	18,631
Total non-current liabilities	169,312	802,684	422,655	186,222	18,631
Current liabilities					
Current financial liabilities					
Trade payables and other current payables	1,766,132	2,595,818	188,237	363,284	3,390,107
Short-term provisions	74,672	25,578	2,714	2,456	345
Total current liabilities	1,942,603	2,676,948	259,119	416,686	3,981,118
Total liabilities	3,035,950	7,309,097	993,463	780,910	2,465,637

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	4,775,236	3,926,821	850,755	1,476,703	3,776,797
Other operating revenue	331,961	439,382	25,122	34,984	155,665
Total revenue	5,107,197	4,366,204	875,877	1,511,687	3,932,461
Changes in inventories of finished goods and work in progress	(158,319)	53,344	(29)	(9,091)	(164,606)
Raw materials and consumables	3,017,258	1,446,758	229,148	533,784	1,371,673
Personnel expenses	1,225,334	1,520,176	264,252	578,190	706,642
Other operating costs	1,090,770	5,455,480	285,857	325,921	1,108,709
Depreciation, amortisation and write-downs	110,814	146,980	63,235	54,646	126,162
Operating income from ordinary business	(495,298)	(4,149,847)	33,357	10,054	454,671
Non-recurring income/(expenses)					
Operating profit/(loss)	(495,298)	(4,149,847)	33,357	10,054	454,671
Finance revenue (expenses)	(19,879)	(46,125)	(4,218)	(3,125)	482,106
EBT	(515,177)	(4,195,972)	29,139	6,929	936,777
Income tax	54,872	42,482	(4,278)	3,173	(98,936)
Profit/(loss) for the period	(460,305)	(4,153,490)	24,861	10,102	837,841

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	31/12/22	31/12/22	31/12/22	31/12/22
Inclusion in scope of consolidation (line by line)				
ASSETS				
Non-current assets				
Property, plant and equipment	1,192,130			
Intangible fixed assets				
Equity investments				
Other non-current financial assets				
Deferred tax assets	2,236,792	75,108		
Non-current trade and other receivables				
Total non-current assets	3,428,922	75,108		
Current assets				
Inventory	6,171,553	5,661,292		
Trade receivables and other receivables	10,370,062	982,879	1,263	12,487
Cash and cash equivalents	4,089,402	573,680	44	2,187
Total current assets	20,631,017	7,217,851	1,307	14,674
Total assets	24,059,939	7,292,959	1,307	14,674
LIABILITIES				
Shareholders' equity				
Share capital	12,814,480	42,517,648	3,599,788	10,329
Other reserves	16,870,418	(37,656,957)	(3,598,482)	
Profit (loss) for the period	(18,985,467)	(3,098,826)		
TOTAL SHAREHOLDERS' EQUITY	10,699,430	1,761,865	1,307	10,329
Non-current liabilities				
Other non-current payables and liabilities				
Termination benefits				
Deferred tax liabilities	7,503			
Non-current financial liabilities				
Other non-current financial liabilities				
Total non-current liabilities	7,503			
Current liabilities				
Current financial liabilities	1,239,244			
Trade payables and other current payables	12,113,762	5,531,094		4,345
Short-term provisions				
Total current liabilities	13,353,006	5,531,094	1,307	4,345
Total liabilities	24,059,939	7,292,959	1,307	14,674

Subsidiaries	Beijing Fidia M.&E. Co Ltd.	Shenyang Fidia NC&M Company Ltd	OOO Fidia	Prometec
Accounting currency	RMB	RMB	RUB	EUR
INCOME STATEMENT				
Net sales	16,933,556	2,696,903		965
Other operating revenue	61,554	30		163
Total revenue	16,995,210	2,696,933		1,128
Changes in inventories of finished goods and work in progress		(2,189,863)		
Raw materials and consumables	3,799,646	1,051,509		
Personnel expenses	10,216,541	1,496,570		
Other operating costs	22,441,315	697,202		1,128
Depreciation, amortisation and write- downs	1,405,509	348,233		
Operating income from ordinary business	(20,867,800)	(3,086,443)		
Non-recurring income/(expenses)				
Operating profit/(loss)	(20,867,800)	(3,086,443)		
Finance revenue (expenses)	1,282,186	(4,895)		
EBT	(19,585,614)	(3,091,337)		
Income tax	600,147	(7,489)		
Profit/(loss) for the period	(18,985,467)	(3,098,826)		

Fidia S.p.A. - Financial Statements at 31 December 2022

Information as per article 149/XII of the Consob Issuers' Regulation

This overview drawn up according to article 149/XII of the Consob Regulation on Issuers shows the compensation accrued in 2022 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 2022 (€thousand)
Audit and Attestation Services	Deloitte & Touche S.p.A.	Parent company - Fidias S.p.A.	275
	Deloitte Network	Subsidiaries	56
Other services			
Total			331

**Certificate pursuant to Article 81-ter of the
Consob Issuers' Regulation**

Certification of the financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

3. The undersigned Luigi Maniglio 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:
 - c. adequacy with respect to the characteristics of the Company and
 - d. effective application of the administrative and accounting procedures for the formation of the financial statements during 2022.

4. It is also attested that:
 - 4.1. The financial statements:
 - d. 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;
 - e. correspond to the books and accounting records;
 - f. are suitable to give a true and fair view of the financial, economic and equity position of the issuer.
 - 4.2. 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.

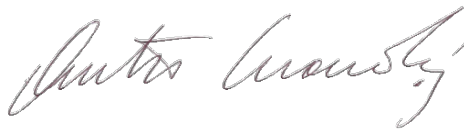
San Mauro Torinese, 03/04/2023

On behalf of the Board of Directors

The Chairman
Mr. Luigi Maniglio



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 7.123.000 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 31.12.2022

(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 il 27 aprile 2023 per l'approvazione del bilancio di esercizio al 31.12.2022. Vi ricordiamo che 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 2022, su omissioni e fatti censurabili eventualmente rilevati e formulando -

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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, alle indicazioni contenute nel "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.

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 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.

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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 Corporate Governance delle società quotate.

Infine Vi comunichiamo che, in accordo con il Codice di Corporate Governance, 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. Con l'Assemblea di approvazione del bilancio consolidato e di esercizio al 31 dicembre 2022 sarete quindi chiamati a rinnovare l'Organo amministrativo e l'Organo di controllo della Società per il triennio 2023 - 2025.

Il Consiglio di Amministrazione del 23 dicembre 2022, dopo aver preso atto delle dimissioni dell'ing. Giuseppe Morfino dalla carica di Presidente del Consiglio di Amministrazione, Amministratore Delegato e Consigliere della Società, ha deliberato:

- ai sensi dell'art. 2386 cod.civ., di nominare per cooptazione l'avv. Roberto Culicchi quale membro e Vice Presidente del Consiglio di Amministrazione;
- di nominare il dott. Luigi Maniglio, già Vice Presidente della Società, quale Presidente esecutivo della Fidia S.p.A. conferendogli la legale rappresentanza e la qualifica di "datore di lavoro", nonché tutti i più ampi poteri di ordinaria e straordinaria amministrazione, con facoltà di nominare e revocare procuratori speciali per singole operazioni o categorie di operazioni, con delega relativa all'Amministrazione, alla Finanza e al Controllo.

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Il Consiglio di Amministrazione in carica, nel rispetto delle quote di genere richiamate dall'art. 147 ter T.U.F., consta di cinque membri dei quali uno, il Presidente dott. Luigi Maniglio, con deleghe operative, uno non indipendente e non esecutivo con carica di Vice Presidente nella persona dell'avv. Roberto Culicchi, due indipendenti e non esecutivi nelle persone della dott.ssa Paola Savarino e dell'ing. Laura Morgagni, altresì membri del Comitato Controllo e Rischi - anche con funzione di Comitato Parti Correlate - e del Comitato Remunerazione ed il terzo, non indipendente e non esecutivo, nella persona del dott. Luigino Azzolin anch'egli membro del Comitato Controllo e Rischi e del Comitato Remunerazione. La *Lead Independent Director* è rappresentata dalla dott.ssa Paola Savarino.

L'attuale Organismo di Vigilanza (O.d.V.), di prossima scadenza, è attualmente composto da tre membri esterni.

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

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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 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.

La Società, in ottemperanza a quanto disposto dal decreto di omologazione e previo nulla osta degli Organi della Procedura, ha eseguito il primo riparto in favore dei creditori prededucibili, così estinguendo la relativa esposizione al netto di due posizioni specifiche oggetto di successive interlocuzioni e/o accordi.

Nelle date del 30 ottobre 2022 e 31 gennaio 2023, la Società ha depositato rispettivamente la memoria informativa trimestrale e semestrale, così come disposto dal decreto di omologazione.

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Tra i fatti di principale rilievo, abbiamo appreso il perfezionamento di un accordo con il creditore B.N.L. Leasing in forza del quale è stata convenuto l'utilizzo, in continuità rispetto al passato, dell'immobile di San Mauro T.se (TO) da parte di Fidia S.p.A. (e dunque l'abbandono dell'azione di sfratto avviata dal creditore prima dell'apertura del concordato preventivo), nonché la composizione dell'esposizione maturata in corso di procedura concordataria con riduzione del relativo valore.

Il Collegio sindacale, nell'esercitare il proprio controllo sull'esecuzione del Piano concordatario, comunica che:

- l'articolata operazione di investimento, la cui esecuzione della prima tranche di aumento di capitale sociale di euro 2.000.000, in adempimento agli obblighi concordatari, avrebbe dovuto verificarsi entro 30 giorni dalla definitività del provvedimento di omologa del concordato, è avvenuta invece in data 23 novembre 2022;
- il parere rilasciato dal Commissario Giudiziale in data 28 febbraio 2023 - sulla *"Relazione semestrale n. 1 e contestuale report informativo n. 2 per il Commissario Giudiziale"* depositata dalla Società in data 1° febbraio 2023 è stato espresso allo stato di *"opinion con rilievi"*.

A seguito di ciò e ad integrazione di quanto già esposto nella memoria semestrale del 31 gennaio 2023 la Società, in data 25 marzo 2023, ha depositato avanti il Tribunale un'ulteriore memoria, fornendo chiarimenti in merito a quanto richiesto dal Commissario giudiziale.

Quanto ai rapporti con l'investitore ed anche ai fini della sottoscrizione del prestito obbligazionario convertibile posto a base del piano concordatario, la Società, con comunicazione del 17 marzo 2023, ha richiesto a Negma Investment Group Ltd., come previsto dal regolamento contrattuale del prestito, la sottoscrizione delle obbligazioni convertibili, così attivando la relativa procedura, tra l'altro, di erogazione che si è chiusa

con il versamento della somma di euro 2.000.000, al lordo del commitment fee del 5%, pervenuto in data odierna che verrà notificato agli Organi della Procedura per la successiva informativa ai creditori.

Facciamo infine 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 deve 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 è munito di poteri autorizzativi e il suo ruolo è 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.

Andamento economico

L'anno 2022 è stato ancora 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 soprattutto a seguito dei continui lockdown imposti dal governo cinese sul cui territorio la Società opera in modo significativo. 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 2022 un incremento complessivo dei ricavi per vendite (aumentate del 13,8% rispetto al precedente esercizio) e un risultato economico che ha fatto registrare nell'anno in rassegna un utile di euro 13.263 migliaia rispetto alle perdite di euro 2.858 migliaia e

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9.574 migliaia degli esercizi 2021 e 2020. Si rileva tuttavia che tale utile netto d'esercizio è stato fortemente influenzato dagli effetti positivi dell'esdebitazione conseguenti l'avvenuta omologazione della procedura di concordato omologata in data 22 giugno 2022, pari ad euro 17.053 migliaia (al netto dei costi concordatari associati). La perdita della gestione ordinaria è stata infatti pari ad euro 3.485 migliaia (euro -1.473 migliaia nell'esercizio 2021 ed euro -4.477 migliaia nell'esercizio 2020) ed il Patrimonio Netto (negativo per euro 8.505 migliaia nell'esercizio 2021) è di euro 6.701 migliaia così escludendo la necessità di qualsivoglia adempimento ai sensi degli artt. 2446 e 2447 cod.civ.

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 contenute nel Piano industriale 2023-2027 approvato dal Consiglio di Amministrazione in data 17 marzo 2023.

Il Collegio sindacale, tuttavia, ha continuato a raccomandare affinché gli Amministratori, oltre al costante e rigoroso monitoraggio mensile tramite l'analisi dettagliata degli scostamenti economici, 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 dell'inasprirsi del clima di instabilità recentemente generato dal conflitto tra la Federazione Russa e l'Ucraina e dal significativo incremento dei costi energetici 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

2023 con focus sul budget commesse (che mostra segnali molto incoraggianti per l'esercizio 2023) e collegata previsione dei flussi di cassa (con orizzonte al primo trimestre 2024) evidenziando e motivando gli eventuali scostamenti dalla precedente versione del Piano Industriale.

1. Considerazioni sul bilancio 2022 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 ed 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 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 2022 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 17 marzo 2023 in cui è stato approvato dagli Amministratori. Il Collegio sindacale ha altresì preso atto delle modifiche di informativa apportate al suddetto progetto approvate nella seduta del Consiglio di Amministrazione del 3 aprile 2023 dichiarando il proprio assenso alla rinuncia ai termini di cui all'art. 154-ter, comma 1, punto 1-ter del T.U.F.

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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 mancato superamento dei limiti dimensionali ivi previsti e non ha altresì aderito su base volontaria a tale adempimento. Il Collegio sindacale, in vista dell'applicazione dell'informativa ESG a tutte le società quotate indipendentemente dalla dimensione a partire dal 1° gennaio 2024 (primo report nel 2025 su FY 2024) come previsto dalla *Corporate Sustainability Reporting Directive* (CSRD) pubblicata sulla G.U.U.E. il 16 dicembre 2022, ritiene opportuno in ragione anche dell'adesione di Fidìa S.p.A. al Codice di Corporate Governance di cui lo sviluppo sostenibile è obiettivo prioritario, che la Società rafforzi sul piano strategico - in coerenza con la propria politica di dialogo con gli stakeholder - l'integrazione della sostenibilità nella *governance* societaria.

Il bilancio consolidato evidenzia un utile d'esercizio pari ad euro 5.753 migliaia, mentre il bilancio separato evidenzia un utile di euro 13.263 migliaia che porta ad un patrimonio netto positivo di euro 6.701 migliaia.

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 - soprattutto di carattere straordinario - del risultato positivo dell'esercizio 2022, dell'incertezza che ancora grava ai fini del completo raggiungimento dell'equilibrio operativo - e conseguentemente della capacità di autofinanziamento per il tramite della gestione operativa - e di quelli che, una volta verificato il permanere dello stato di crisi dell'azienda, avevano 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 2022 e sulla loro conformità alla legge ed allo Statuto sociale delle quali sia venuto a conoscenza.

A tale riguardo, il Collegio sindacale evidenzia che nel corso del 2022 sono state poste in essere le operazioni inerenti agli aumenti di capitale sociale strumentali e propedeutici al Piano concordatario, a tal proposito rammentando che l'Assemblea straordinaria degli azionisti tenutasi in data 18.11.2022 ha deliberato:

- l'emissione di un prestito obbligazionario convertibile in azioni Fidia S.p.A. cum warrant di importo complessivo pari a euro 10 milioni da emettere in una o più tranche, con esclusione del diritto di opzione ai sensi dell'art. 2441, comma 5, cod. civ. in quanto destinato a Negma Investment Group Ltd. ed il connesso aumento di capitale sociale ai sensi dell'art. 2420-bis, comma 2, cod. civ., in via scindibile, con esclusione del diritto di opzione, ai sensi dell'art. 2441, comma 5, cod. civ. per un importo massimo pari a euro 10 milioni a servizio della conversione del prestito obbligazionario convertibile;
- l'emissione di warrant da assegnare gratuitamente ai sottoscrittori del prestito obbligazionario convertibile e il connesso aumento del capitale sociale, in via scindibile e a pagamento, con esclusione del diritto di opzione ai sensi dell'art. 2441, comma 5, cod. civ. a servizio dell'esercizio dei predetti warrant per un importo massimo pari a euro 10 milioni;
- l'aumento del capitale sociale a pagamento, con esclusione del diritto di opzione ai sensi dell'articolo 2441, comma 5, cod. civ., per un importo complessivo pari ad euro 2 milioni, comprensivo di sovrapprezzo, da eseguirsi in via inscindibile e riservato in sottoscrizione a FAI BidCo Uno S.r.l.

Nella medesima data del 18 novembre, in attuazione della delibera assunta da FAI BidCo Uno S.r.l., l'ing. Morfino e Negma Investment Group Ltd. hanno dato esecuzione

all'aumento di capitale nella stessa FAI Bidco Uno S.r.l. tramite (i) il conferimento da parte dell'Ing. Morfino di n. 2.665.516 azioni di propria titolarità del capitale di Fidia S.p.A. nel capitale sociale di FAI Bidco Uno S.r.l. e (ii) il versamento da parte di Negma Investment Group Ltd. di euro 2 milioni a titolo di conferimento in denaro.

A seguito del conferimento in natura è stato perfezionato il trasferimento delle azioni dell'ing. Morfino con la registrazione presso il Monte Titoli ed in data 22.11.2022 Fidia S.p.A. ha trasmesso alla Consob il prospetto informativo per l'ottenimento del nulla osta da parte dell'Autorità, essenziale per l'avvio delle negoziazioni sulle azioni emesse da Fidia S.p.A. in esecuzione dell'operazione di investimento.

Il giorno successivo, FAI Bidco Uno S.r.l. – preso atto del perfezionamento del conferimento in natura dell'Ing. Morfino e in denaro da parte di Negma Investment Group Ltd. – ha dato esecuzione all'aumento di capitale di Fidia S.p.A., così procedendo al versamento della somma complessiva di euro 2 milioni sul conto corrente accesso da Fidia S.p.A. presso Banca d'Alba.

Nella medesima data, il Consiglio di Amministrazione di Fidia S.p.A. ha preso atto dell'accredito della somma complessiva di euro 2 milioni e deliberato di fissare il prezzo di emissione delle nuove azioni, inclusivo di sovrapprezzo, in euro 1,09942 ciascuna e di emettere n. 1.819.141 azioni ordinarie della Società, prive di indicazioni del valore nominale, aventi il medesimo godimento e le medesime caratteristiche delle azioni ordinarie Fidia S.p.A.

In data 15.12.2022, a seguito di intense interlocuzioni, la Società ha depositato ufficialmente presso la Consob il prospetto informativo e la relativa documentazione così da consentire l'avvio dell'istruttoria per il rilascio del nulla osta.

Il 21.12.2022, così come confermato dal comunicato pubblicato da Fidia S.p.A. in stessa data, la Consob ha autorizzato, con nota prot. 0504602/22, la pubblicazione del prospetto informativo relativo all'ammissione alle negoziazioni di azioni di nuova

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emissione derivanti dall'aumento di capitale deliberato dalla Società su Euronext Milan, organizzato e gestito da Borsa Italiana S.p.A.

Inoltre, FAI Bidco Uno S.r.l. è stata posta in liquidazione in data 13.12.2022 onde poter procedere a liquidare il proprio capitale e così attribuire direttamente ai propri soci (ing. Morfino, Futuro all'Impresa S.r.l. e Negma Investment Group Ltd.) le azioni di Fidia S.p.A. di propria titolarità, nelle proporzioni già concordate.

Tutte le citate fasi - propedeutiche alla fase esecutiva del piano concordatario - sono state comunicate al Commissario giudiziale dapprima tramite specifica relazione presentata dagli advisor in data 23.11.2022 e quindi in sede di "*Relazione semestrale n. 1 e contestuale report informativo n.2 per il Commissario giudiziale*", in data 31.01.2023. A seguire della prima relazione, lo stesso Commissario ha informato il Tribunale con propria informativa n. 27 del 24.11.2022.

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:

- 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 Corporate Governance 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

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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 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'efficace 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 Corporate Governance, 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 17 marzo 2023 in sede di del Consiglio di Amministrazione.

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Azioni proprie

Il Collegio sindacale rileva che al 31 dicembre 2022 (così come al 31 dicembre 2021) e sino alla data di approvazione del Progetto di bilancio da parte del Consiglio di Amministrazione, la Società detiene in portafoglio n. 10.000 azioni (pari allo 0,20% del capitale sociale) il cui diritto di voto è sospeso ai sensi dell'art. 2357-ter, comma 2, cod. civ. Tali azioni proprie sono tuttavia computate nel capitale ai fini del calcolo delle quote richieste per la costituzione e per le deliberazioni assembleari.

Il valore di tali azioni proprie è iscritto a bilancio per euro 45,5 migliaia. Tale valore è superiore al valore calcolato in base alla media dei prezzi di borsa dell'ultimo semestre dell'esercizio, talché 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 nel corso dell'esercizio 2022 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

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 2022, 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 infragruppo sottoposte all'analisi degli organi societari nel 2022, 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.

Nel corso dell'esercizio 2022 abbiamo incontrato il Comitato Controllo e Rischi, anche nella sua funzione di Comitato Operazioni Parti Correlate, in sede di scambi informativi con la società di revisione avvenuti in data 26 maggio 2022 (società di revisione uscente Ernst Young S.p.A.) e 26 settembre 2022 (società di revisione in carica Deloitte & Touche S.p.A.).

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 rilevati 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 6 aprile 2023, 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 d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2022, 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 elettronico ESEF, utilizzando il linguaggio informatico

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XHTML del progetto di bilancio d'esercizio e consolidato secondo quanto disposto dal Regolamento delegato n. 2018/815/UE, 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 2022, 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 la "Valutazione della continuità aziendale della Società e del Gruppo" quale aspetto chiave della revisione contabile, descrivendolo come segue:

"La Società iscrive nel bilancio d'esercizio al 31 dicembre 2022 un risultato operativo della gestione ordinaria negativo di Euro 3.485 migliaia e una posizione finanziaria netta negativa di Euro 9.470 migliaia. Nel valutare la sussistenza del presupposto della continuità aziendale, gli Amministratori indicano che l'iter del Piano concordatario è ancora in fase di esecuzione e, in particolare, che alla data di approvazione del progetto di bilancio non è ancora stata eseguita la seconda fase dell'operazione di investimento, sottesa al Piano Concordatario, che prevedeva l'emissione della prima tranche del Prestito Obbligazionario e la conseguente sottoscrizione da parte di Negma Group. Di conseguenza gli Amministratori ritengono che sussista un'incertezza associata al rischio che le previsioni contenute nella proposta concordataria non siano completate nelle tempistiche in essa previste con riferimento alla sottoscrizione del prestito

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obbligazionario, oltre che al rischio che le suddette previsioni non trovino effettivo riscontro in termini di raggiungimento dell'equilibrio operativo da parte della Società e del Gruppo e, conseguentemente, della capacità di autofinanziamento degli stessi per il tramite della gestione operativa. Ciononostante, gli Amministratori informano di ritenere, dopo aver effettuato le necessarie verifiche, che gli slittamenti sinora intercorsi nel completamento dell'iter del piano concordatario non rappresentino, allo stato, elemento ostativo al buon esito dello stesso e che la Società possa disporre di risorse sufficienti alla copertura del proprio fabbisogno finanziario nell'arco del prevedibile futuro, illustrandone le relative motivazioni. Pertanto, gli Amministratori hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della Società al 31 dicembre 2022. In considerazione della significatività della tematica per il bilancio d'esercizio nel suo complesso, della significatività delle valutazioni degli amministratori connesse allo sviluppo delle previsioni economico finanziarie, abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione. Nella sezione "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e nel paragrafo "continuità aziendale" della nota integrativa del bilancio d'esercizio gli Amministratori riportano l'informativa relativa agli aspetti sopra evidenziati".

Analogha descrizione è stata riportata nella Relazione sulla revisione contabile del bilancio consolidato.

Il Collegio sindacale ha altresì ricevuto in data 6 aprile 2023 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 2022 e sino alla data di redazione della presente Relazione non sono pervenute al Collegio sindacale denunce ai sensi dell'art. 2408 cod. civ., né sono state presentate dall'Organo di controllo denunce al tribunale ex art. 2409 c.c.

Non abbiamo effettuato segnalazioni all'Organo di amministrazione ai sensi e per gli effetti di cui all'art. 15 D.L. n. 118/2021 o ai sensi e per gli effetti di cui all'art. 25-*octies* D.lgs. 12 gennaio 2019, n. 14. Non abbiamo ricevuto segnalazioni da parte di creditori pubblici ai sensi e per gli effetti di cui art. 25-*novies* D.lgs. 12 gennaio 2019 n. 14 o ai sensi e per gli effetti di cui all'art. 30-*sexies* D.L. 6 novembre 2021 n. 152, convertito dalla legge 29 dicembre 2021 n. 233 e successive modificazioni.

6. Indicazione dell'eventuale presentazione di esposti, delle eventuali iniziative intraprese e dei relativi esiti

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 2022, Deloitte & Touche S.p.A. ha svolto quali attività ulteriori rispetto alla revisione del bilancio *i)* l'attività di emissione di parere, in data 28 ottobre 2022, ai sensi dell'art. 2441, quinto e sesto comma cod. civ. e dell'art. 158, primo comma, del T.U.F., sulla ragionevolezza e non arbitrarietà dei criteri proposti dagli Amministratori ai fini della determinazione dei prezzi di emissione delle nuove azioni di Fidia da emettere a servizio dei tre aumenti di capitale di cui al paragrafo sub 1); *ii)*

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l'emissione delle relazioni sulla situazione patrimoniale e finanziaria consolidata pro-forma e del conto economico consolidato pro-forma di Fidia Spa e sue controllate per l'esercizio chiuso al 31 dicembre 2021 e per il periodo chiuso al 30 giugno 2022, inclusi nel prospetto informativo redatto ai fini dell'ammissione alla negoziazione delle azioni ordinarie rinvenienti:

- a. dall'aumento di capitale di 2.000.000 di euro riservato in sottoscrizione a Fai Bidco Uno S.r.l.;
- b. dall'aumento di capitale nella misura massima di 10.000.000 milioni di euro a servizio della conversione del prestito obbligazionario convertibile in azioni Fidia *cum warrant* destinato a Negma Investment Group Ltd.

Tenuto conto della "Conferma annuale dell'indipendenza ai sensi dell'art 6 paragrafo 2) lett. a) del Regolamento Europeo 537/2014 e ai sensi del paragrafo 17 dell'ISA Italia 260" che Deloitte & Touche S.p.A. ha fatto pervenire in data 5 aprile 2023 alla Società, in persona del Presidente del Consiglio di Amministrazione, ed al Collegio Sindacale in veste di Comitato per il controllo interno e la revisione contabile della Società, in persona del Presidente del Collegio sindacale, 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 sopra citati al paragrafo 7), il Collegio sindacale ritiene che non emergano aspetti di criticità in tema di indipendenza della società di revisione

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 2022 non sono stati conferiti incarichi a soggetti legati da rapporti continuativi con Deloitte & Touche S.p.A.

9. Indicazione dell'esistenza di pareri rilasciati ai sensi di legge nel corso dell'esercizio

Nel corso dell'anno 2022 il Collegio sindacale ha espresso il proprio parere ai sensi dell'art. 2389 cod. civ. circa la proposta discussa durante il Consiglio di Amministrazione tenutosi in data 24 marzo 2022 di attribuzione dei compensi, di competenza 2022, al Presidente ed al Vice Presidente del Consiglio di Amministrazione, esprimendosi rispettivamente in senso negativo per il primo e positivo per il secondo.

Il Collegio sindacale ha altresì dato parere positivo in relazione agli incarichi conferiti a Deloitte & Touche S.p.A. per l'emissione delle relazioni di cui al precedente paragrafo sub 7), nonché approvato la delibera di cooptazione di un membro del Consiglio di Amministrazione in data 23 dicembre 2022.

10. Indicazione della frequenza e del numero delle riunioni del C.d.A. e del Collegio sindacale

Il Collegio sindacale ha partecipato, attraverso l'utilizzo di piattaforme informatiche, a tutte le ventuno riunioni del Consiglio di Amministrazione ed alle due Assemblee degli Azionisti tenutesi in data 8 luglio e 18 novembre 2022.

Nell'esercizio 2022 il Collegio sindacale ha svolto diciannove verifiche sindacali (di cui una dedicata all'annuale verifica di Autovalutazione e due per la redazione delle Relazioni ai bilanci di esercizio 2020 e 2021) incontrando sei volte la società di revisione per lo scambio periodico di 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, del rag. Secondo Dentis - nominato CFO a seguito delle dimissioni con effetto immediato del dott. Breggia in data 25 marzo 2022 - e del CRO dott. Marco Livelli); due volte con l'Organismo di Vigilanza; quattro volte con i suddetti CFO o con il CRO per l'attività di vigilanza ex art. 149 T.U.F. e problematiche inerenti l'assetto

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amministrativo e contabile della Società e le rimanenti quattro volte con Amministratori ed Advisor nominati dalla Società per acquisire flussi informativi sulle operazioni propedeutiche e strumentali agli aumenti di capitale sociale ed alla procedura di concordato.

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. Specifichiamo altresì che nel corso dell'esercizio 2022 abbiamo avuto ulteriori incontri, quasi tutti in remoto oltre che telefonici, con Consiglieri e management della Società allo scopo di monitorare gli aspetti legati al controllo sull'esecutività del piano concordatario di cui spesso abbiamo dovuto lamentare mancanza ed intempestività di informazione e di documentazione spesso ricevuta solo incidentalmente ex post.

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 sindacale 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 e flussi 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 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 evidenzia il significativo cambio intercorso nella *governance* aziendale a decorrere dalle dimissioni intervenute il 23 dicembre 2022 del Presidente ed Amministratore delegato ing. Morfino e con la nomina del nuovo Presidente esecutivo dott. Luigi Maniglio e del nuovo Vice Presidente del Consiglio di Amministrazione avv. Roberto Culicchi, nonché - con delibera del Consiglio di Amministrazione del 27 dicembre 2022 e decorrenza dal 1° gennaio 2023 - del Direttore Generale ing. Augusto Mignani. Ciò non di meno, persiste la raccomandazione del Collegio sindacale nella prosecuzione del progetto ERM avviato nell'esercizio 2019 e di rafforzamento di talune funzioni aziendali, con particolare riferimento a quelle delle aree amministrazione, finanza e controllo di gestione.

Il Collegio sindacale osserva e riferisce che nel corso del 2022, nonostante le prime azioni migliorative tuttavia avviate solo a fine esercizio 2022 dai componenti della nuova *governance* aziendale, che:

- i Consigli di Amministrazione tenutisi nell'esercizio al 31 dicembre 2022 in molteplici occasioni non sono stati convocati nel rispetto dei tempi ordinari previsti dallo Statuto, essendosi fatto eccessivo ricorso al più breve termine statutario, invero consentito solo per casi di particolare urgenza;
- i flussi informativi inerenti le materie oggetto di disamina consiliare - tanto nei confronti dei Consiglieri che del Collegio sindacale - rivestendo essi una funzione centrale di impulso, delimitazione e istruzione dell'attività deliberativa dell'Organo amministrativo, sono ancora spesso carenti sia in termini di tempistica che di

completezza, elementi utili a consentire - sulla scorta di quanto previsto all'art. 2381 cod.civ. - che gli amministratori possano agire in modo informato, del che a parere del Collegio sindacale sono necessarie immediate quanto profonde azioni correttive tendenti ad una più tempestiva programmazione dei lavori consiliari e ad una più tempestiva predisposizione e condivisione dell'informativa generale e pre-consiliare da parte degli Organi delegati. A tale riguardo il Collegio evidenzia come la necessità di tali azioni sia stata dallo stesso presentata alla nuova *governance* aziendale che, seppur insediata a fine anno, ha manifestato il proprio fermo intendimento alla rimozione tempestiva delle anomalie. Allo stato attuale, a parere del Collegio sindacale, detta carenza dei flussi informativi non consente inoltre all'Organo amministrativo di riferire compiutamente sull'adeguatezza del sistema organizzativo, amministrativo e contabile della Società "*sulla base delle informazioni ricevute*" e "*sulla base della relazione degli organi delegati*", come richiesto dall'art. 2381, comma 3, cod.civ.;

- come già rilevato dal Collegio sindacale, la Società necessita di un Regolamento di funzionamento e per la gestione dell'informativa del Consiglio di Amministrazione. A tale riguardo il Collegio sindacale precisa tuttavia che in data 17 marzo 2023 il Consiglio di Amministrazione ha dato al Presidente mandato a dare incarico per la redazione del detto Regolamento da portare al vaglio ed all'approvazione dell'Organo amministrativo;
- a tutt'oggi, non vi sono state segnalazioni alla Consob ex art. 149, comma 3 del T.U.F.

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 2022 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.), sebbene quest'ultimo organo sia rimasto, nel corso del 2022, sostanzialmente non operativo. Tale significativo rallentamento delle attività è altresì evidenziato nella Relazione per l'anno 2022 redatta dall'O.d.V. in data 3 aprile 2023, in cui il Presidente di tale Organismo, pur dando atto delle priorità – in termini di adempimenti concordatari- cui ha dovuto sottostare la Società nel corso del 2022, auspica e raccomanda una rapida ripresa dell'operatività dall'anno 2023.

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 2022 la funzione di Internal Audit è rimasta, come già evidenziato nella relazione al bilancio dell'esercizio 2021, sostanzialmente ferma quanto a verifiche e correlati report, essendo stata l'attenzione del management primariamente rivolta al mantenimento dell'operatività necessaria alla continuità aziendale ed alla messa in atto degli strumenti propedeutici ed applicativi del piano concordatario, in primis gli aumenti di capitale sociale. Non di meno il Collegio sindacale ha continuato a raccomandare la solerte 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

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nomina, perplessità in quanto la scelta, se pur transitoria, è ricaduta su di un soggetto che già ricopre funzioni operative all'interno dell'azienda;

- che il Consiglio di Amministrazione tenutosi in data 3 aprile 2023 ha nominato una struttura organizzativa esterna - la Crowe Bompani S.p.A. - con l'incarico di effettuare i controlli finalizzati alla valutazione ed alla verifica periodica della completezza, della funzionalità e dell'adeguatezza del sistema dei controlli interni, per procedere con il lavoro di implementazione e di definizione di un sistema integrato e standardizzato di procedure e di controlli, correlate ai processi ed alle attività aziendali, nonché di definizione di un piano di Audit. Nella medesima seduta l'Organo amministrativo ha assegnato la funzione di Internal Auditor della Società al dott. Daniele Catasso, associate partner della Crowe Bompani S.p.A.;
- 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"* sino alle più recenti modifiche in materia di operazioni transfrontaliere di cui al D.lgs. 2 marzo 2023 n. 19, oltreché recepire le norme di *whistleblowing* di cui al D.lgs. 10 marzo 2023 n. 24;
- 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;

- che, a seguito delle dimissioni in data 25 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 Organismo, avvenuta con deliberazione assunta dal Consiglio di Amministrazione nella seduta del 27 maggio 2022;
- l'auspicio che l'attività ERM - sostanzialmente ferma dal 2021 ed in relazione alla quale il Collegio sindacale, in ultimo con PEC del 3 dicembre 2022, ha sollecitato la necessaria ripresa - possa finalmente essere riattivata, anche grazie all'impulso che alla stessa dovrebbe conseguire dall'assegnazione dell'incarico di Internal Audit e delle correlate attività di assessment ed implementazione delle procedure.

Il Collegio sindacale, alla luce dell'attività di vigilanza svolta secondo le modalità sopra sintetizzate, per quanto di propria competenza, ritiene che - pur persistendo alcune aree che come anzi indicato possano essere oggetto di miglioramento - nel corso del 2022 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 debba essere immediato oggetto 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 - attraverso un'informativa societaria attendibile e conforme ai principi contabili adottati dalla Società - 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, dai responsabili delle funzioni aziendali, né dal Comitato Controllo Rischi, nonché attraverso l'esame della documentazione aziendale ricevuta.

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Nell'ambito dell'attività di vigilanza, il Collegio sindacale ha rilevato sin dall'esercizio 2021 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 Fidìa 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. In particolare, il Collegio sindacale, in presenza di carenze significative nei flussi informativi pre consiliari e nella tempestiva predisposizione dei dati 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.

Tali raccomandazioni sono state reiterate nel dicembre 2022 quando il Collegio sindacale, nel proseguire la vigilanza su questi aspetti anche a seguito di interlocuzioni con l'Autorità di vigilanza, ha richiesto alla Società di definire un cronoprogramma di riadeguamento organizzativo che definisse (i) i tempi di insediamento della nuova *governance* con indicazione dei poteri da attribuire ad attuali e nuovi Amministratori; (ii) i tempi di assunzione di nuove figure apicali nelle varie aree aziendali; (iii) i tempi di eventuale assunzione di personale operativo a supporto della struttura amministrativo-contabile; (iv) la conseguente predisposizione di un dettagliato organigramma per funzioni e mansioni; (v) i tempi di riavvio dell'attività ERM, nonché (vi) i tempi necessari

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per la redazione e per il riavvio di un Piano Audit aggiornato, oltre a raccomandare che (vii) si facesse tutto il possibile affinché l'Organismo di Vigilanza riprendesse appieno le proprie attività. Tali raccomandazioni sono state prese in carico dal Consiglio di Amministrazione che sta, al momento e grazie all'avvenuto insediamento della nuova *governance*, dando impulso all'attuazione del sopra delineato programma che il Collegio sindacale ritiene di imprescindibile importanza al fine di supportare l'attuale piano strategico della Società e del Gruppo.

Con comunicazione inviata alla Società in data 30 gennaio 2023, la Consob aveva ricordato di inserire nella Relazione sul governo societario e gli assetti proprietari una specifica informativa circa l'adozione (o la mancata adozione) e la descrizione della politica per la gestione del dialogo con la generalità degli azionisti così come raccomandato dall'art. 1 del Codice di Corporate Governance.

Il Collegio sindacale riferisce che, per quanto riguarda l'esercizio 2022, il Consiglio di Amministrazione non ha ritenuto necessario ed opportuno, fornendo le opportune motivazioni secondo il principio del *comply or explain*, adottare una politica per la gestione del dialogo con la generalità degli azionisti, assumendo, in sede della riunione consiliare tenutasi in data 17 marzo 2023, di assolvere a tale impegno entro l'esercizio 2023.

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 2021 ed in linea con quanto previsto dallo IAS 36 - il valore recuperabile al 31 dicembre 2022 delle Cash Generating Unit (CGU) Gruppo Fidia e Fidia S.p.A. sulla base dei dati contenuti nel Business Plan 2023 - 2027 (utilizzando i dati sino al 2026) predisposto dal management della Società. Tale Business Plan, approvato dal Consiglio di Amministrazione del 17 marzo 2023 e coerente con il Piano concordatario di Fidia S.p.A. depositato in data 29

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settembre 2021 presso il Tribunale di Ivrea, è stato opportunamente aggiornato per considerare i dati consuntivi 2022 e le ipotesi di capitale circolante netto per gli anni 2023-2026 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 nei precedenti esercizi 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 2023-2026, sommati ad un *terminal value* determinato con il criterio dell'attualizzazione della rendita perpetua dei flussi post 2026. 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.

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 prudenziale, un tasso di crescita pari a 0% ed una variazione del tasso di attualizzazione WACC pari al 12,34% così assunto sulla base di autorevoli fonti, tra -0,5% e +0,5%, dunque assumendo risultati previsionali differenti alle aspettative riflesse nel piano 2023-2027 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 2022.

E' stato poi eseguito l'IT su sei 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 2022, 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 in conclusione, 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 2022, ai fini della corretta rappresentazione dei fatti di gestione, nel suo complesso adeguato ed affidabile, sebbene non sempre tempestivo e non scevro da criticità quali quelle prima evidenziate e che il Collegio sindacale ha chiesto venissero a carico del Consiglio di Amministrazione prese ad oggetto di un complessivo piano di riadeguamento organizzativo tuttora in corso.

15. Osservazioni sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'art. 114, comma 2 D.lgs. n. 58/1998

Il Collegio sindacale 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

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Il Collegio sindacale ha proseguito nel corso di tutto l'esercizio 2022 gli incontri periodici con Deloitte & Touche 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 sindacale atti o fatti censurabili, né irregolarità che abbiano richiesto la formulazione di specifiche segnalazioni ai sensi dell'art. 155 T.U.F.

In particolare nell'incontro del 12 dicembre 2022 il Collegio sindacale ha preso atto del Piano di Audit predisposto da Deloitte & Touche per la revisione del bilancio d'esercizio e consolidato al 31 dicembre 2022 e del relativo approccio di revisione, condividendo 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 2022 approvata dal Consiglio di Amministrazione in data 17 marzo 2023, a cui si rinvia.

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.

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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 espresso nella propria relazione, preso atto delle attestazioni ai sensi dell'art. 154 bis del T.U.F. rilasciate congiuntamente dal Presidente esecutivo 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 2022 di Fidia S.p.A. ed alla proposta di rinvio a nuovo dell'utile di esercizio, così come esposta nel progetto di bilancio approvato dall'Organo amministrativo in data 17 marzo 2023 e, con modifica di informativa, in data 3 aprile 2023.

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 2022 è stato predisposto, richiama l'attenzione degli Azionisti circa il fatto che la stessa si fonda essenzialmente, e prioritariamente, sul rispetto delle tempistiche di assolvimento degli impegni assunti da Fidia S.p.A. e dall'investitore nell'ambito del piano concordatario e della correlata manovra finanziaria e, a tale fine, il Collegio sindacale raccomanda il puntuale monitoraggio del Piano Industriale e del Cashplan a salvaguardia del presidio della

capacità di autofinanziare la gestione operativa, anche attraverso il ricorso ad ulteriori fonti di finanziamento.

Torino, 6 Aprile 2023

In originale firmato

Dott. Massimo Ceraolo – Presidente

Dott. Giuseppe Chiappero – Membro effettivo

Dott.ssa Mariarosa Schembari – Membro effettivo



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-finanziaria al 31 dicembre 2022, 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 2022, 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.

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.

Valutazione della continuità aziendale della Società e del Gruppo**Descrizione
dell'aspetto chiave
della revisione**

La Società iscrive nel bilancio d'esercizio al 31 dicembre 2022 un risultato operativo della gestione ordinaria negativo di Euro 3.485 migliaia e una posizione finanziaria netta negativa di Euro 9.470 migliaia.

Nel valutare la sussistenza del presupposto della continuità aziendale, gli Amministratori indicano che l'iter del Piano concordatario è ancora in fase di esecuzione e, in particolare, che alla data di approvazione del progetto di bilancio non è ancora stata eseguita la seconda fase dell'operazione di investimento, sottesa al Piano Concordatario, che prevedeva l'emissione della prima tranche del Prestito Obbligazionario e la conseguente sottoscrizione da parte di Negma Group.

Di conseguenza gli Amministratori ritengono che sussista un'incertezza associata al rischio che le previsioni contenute nella proposta concordataria non siano completate nelle tempistiche in essa previste con riferimento alla sottoscrizione del prestito obbligazionario, oltre che al rischio che le suddette previsioni non trovino effettivo riscontro in termini di raggiungimento dell'equilibrio operativo da parte della Società e del Gruppo e, conseguentemente, della capacità di autofinanziamento degli stessi per il tramite della gestione operativa. Ciononostante, gli Amministratori informano di ritenere, dopo aver effettuato le necessarie verifiche, che gli slittamenti sinora intercorsi nel completamento dell'iter del piano concordatario non rappresentino, allo stato, elemento ostativo al buon esito dello stesso e che la Società possa disporre di risorse sufficienti alla copertura del proprio fabbisogno finanziario nell'arco del prevedibile futuro, illustrandone le relative motivazioni. Pertanto, gli Amministratori hanno adottato il presupposto della continuità aziendale nella redazione del bilancio d'esercizio della Società al 31 dicembre 2022.

In considerazione della significatività della tematica per il bilancio d'esercizio nel suo complesso, della significatività delle valutazioni degli Amministratori connesse allo sviluppo delle previsioni economico finanziarie, abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.

Nella sezione "Fatti di rilievo intervenuti dopo la chiusura dell'esercizio ed evoluzione prevedibile della gestione" della relazione sulla gestione e nel paragrafo "continuità aziendale" della nota integrativa del bilancio d'esercizio gli Amministratori riportano l'informativa relativa agli aspetti sopra evidenziati.

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">• 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 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 di emissione e sottoscrizione del Prestito Obbligazionario;• analisi dell'informativa fornita nelle note illustrative e nella relazione sulla gestione.
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Recuperabilità delle attività non correnti della Fidia S.p.A.

Descrizione dell'aspetto chiave della revisione	<p>La Società iscrive nel bilancio d'esercizio al 31 dicembre 2022 attività non correnti per Euro 15.638 migliaia, principalmente relative a "Immobili, impianti e macchinari" per Euro 7.384 migliaia, "Immobilizzazioni immateriali" per Euro 952 migliaia e "Partecipazioni" per Euro 6.646 migliaia esposte già al netto di un fondo svalutazione di Euro 6.641 migliaia.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 <i>sensitivity analysis</i> che illustra gli effetti derivanti da variazioni nelle variabili chiave utilizzate ai fini del test di impairment.</p>
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Procedure di revisione svolte	<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 dalla Società 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 <i>sensitivity analysis</i> predisposta dalla Direzione; • esame dell'adeguatezza e della conformità rispetto a quanto previsto dallo IAS 36 dell'informativa fornita dalla Società sull'<i>impairment test</i>.
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Riconoscimento e competenza dei ricavi per la vendita di macchine

Descrizione dell'aspetto chiave della revisione	<p>La Società iscrive nel bilancio d'esercizio al 31 dicembre 2022 ricavi pari a Euro 16.474 migliaia, di cui Euro 12.277 migliaia relativi alla vendita di macchine, rilevati al momento in cui l'installazione e il collaudo vengono formalmente accettati dall'acquirente.</p> <p>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.</p> <p>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.</p>
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Procedure di revisione svolte	<p>Nell'ambito delle nostre verifiche abbiamo, tra l'altro, svolto le seguenti procedure:</p>
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- 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.

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 azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

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 al 31 dicembre 2022, 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 al 31 dicembre 2022 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

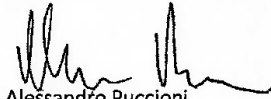
Gli Amministratori della Fidia S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Fidia S.p.A. al 31 dicembre 2022, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle 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 2022 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 2022 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, 6 aprile 2023

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