



**Consolidated Half-Year
Financial Report
at 31 december 2021**

**Drawn up in accordance with
IAS/IFRS international accounting
standards**

ASSITECA GROUP

Consolidated Half-Year Financial Report at 31/12/2021

CORPORATE POSITIONS

BOARD OF DIRECTORS

Chairman

Luciano Lucca

Deputy Chairman

Filippo Binasco

Chief Executive Officer

Gabriele Giacomà

Chief Executive Officer

Alessio Dufour

Chief Executive Officer

Nicola Girelli

Chief Executive Officer

Carlo Orlandi

Independent Director

Jody Vender

Director

Emanuele Cordero di Vonzo

Director

Carlo Vigliano

Director

Sylvain Florent Quernè

Director

Roberto Quagliuolo

Director

Luca Bucelli

Independent Director

Ignazio Rocco di Torrepadula

BOARD OF STATUTORY AUDITORS

Chairman

Michele Pirotta

Standing Auditor

Nicoletta Morrione

Standing Auditor

Luigi Garavaglia

INDEPENDENT AUDITORS

Baker Tilly Revisa S.p.A. - Milano

CONSOLIDATED HALF-YEAR FINANCIAL REPORT AT 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

During the first half of the financial year 2021/2022, that means the period from 1st July to 31st December 2021, Assiteca Group confirmed the positive trend of growth in all the figures

The Consolidated Financial Statements show:

- Gross revenues of Euro 50,2 mln (euro 46,7 mln in the first half of 2020/2021), +7%;
- EBITDA of Euro euro 14,2 mln (euro 12,5 mln in the first half of 2020/2021), +14%;
- EBT of euro 10,8 mln (euro 9,2 mln in the first half of 2020/2021), +18%;
- Net profit of ad euro 7,1 mln (euro 5,6 mln in the first half of 2020/2021), +27%;
- The adjusted net financial position, including acquisition payables, amounted to euro 18,1 mln, with an improvement of Euro 6,4 mln compared to 30/06/2021 All debts are on M/L Terms.

SIGNIFICANT EVENTS IN THE FIRST HALF OF THE FINANCIAL YEAR 2020/2021

This period was mainly characterized by the positive effects of the progressive restart of the economy, due to mitigation of Covid-19 emergency, as confirmed by the positive results of the first half of the financial year.

In July 2021 was completed the purchase of the Assidea business unit, which had already been leased since the beginning of 2019,.

Significants events after the end of the period

Howden Group Holdings

In February 2022, Howden Group Holdings signed a definitive purchase agreement to acquire a total holding of 86.965% of the outstanding share capital of Assiteca S.p.A. with the objective to buy the 100% of the Company.

Howden Group is headquartered in the UK and has operations in 45 countries across Europe, Asia Pacific, the Middle East, Africa, the US and Latin America. With 10,500 employees, £1.4bn in revenues and more than \$17bn premiums managed it is one of the largest international insurance intermediary groups in the world .

Assiteca, the largest Italian-headquartered broker by size, is highly complementary to Howden's existing broking business in Italy and the partnership will create a major force in the Italian broking market providing enhanced client offerings and further opportunities for all employees. Europe, and Italy in particular, is a focus for investment for Howden, with the recent completion of the acquisitions of Andrea Scagliarini S.p.A. in July 2021 and Tower S.p.A. in January 2022. The Transaction will combine Assiteca's regional presence and strong position in the mid-market with Howden's international expertise in larger corporates, specialty segments and reinsurance. Pursuant to the Agreement, the Closing is subject to satisfaction of the conditions precedent that (i) the Italian golden power and (ii) the Spanish change in control authorizations have been granted by the relevant authorities (the "Conditions"). Subject to the occurrence of the Conditions, the Closing is expected to occur around May 2022.

Following the Closing, as per article 8 of the Company by-laws which provides for a voluntary reference to the application of Article 106 of Legislative Decree No. 58 of February 24, 1998, the Purchaser will be required to launch a mandatory takeover offer for all the remaining Assiteca shares at the price of Euro 5.624 per share .

The Transaction, and the subsequent mandatory takeover offer, is aimed at the delisting of Assiteca shares from the Euronext Growth Milan market.

Ing. G. Bassi S.p.A. Merger

On March 21st, the Board of Directors decided to proceed with the merger process of Ing. Giulio Bassi & C. SpA, 100% owned, that will be joined in the existing office of Florence.

This transaction is part of the integration policies of the acquired companies, with a view to obtaining synergies in both economic and commercial terms.

Business outlook

The first 2022 months confirmed the positive trend in financial and commercial figures, that makes confident about the achievement of the targets for the financial year.

Comments to the main economic and financial data of the first half of the financial year 2020/2021

Income Statement at 31/12/2021.

(amounts in €/000)	31/12/2021	31/12/2020	Variation
Net Revenues	49.724	46.359	3.365
Other operating revenues	431	404	27
Revenue	50.155	46.763	3.392
Cost for services	(16.129)	(15.155)	(974)
Cost for use of third parties assets	(680)	(598)	(82)
Personnel costs	(17.847)	(17.235)	(612)
Other operating costs	(1.312)	(1.330)	18
Operating expenses	(35.968)	(34.318)	(1.650)
EBITDA	14.187	12.445	1.742
as a % of gross revenues	28,3%	26,6%	0
Depreciation and provisions	2.587	2.255	332
EBIT	11.600	10.190	1.410
Financial Income (charges)	(351)	(536)	185
Financial charges IFRS	(272)	(139)	(133)
Net income (loss) from discontinued operations	(208)	(358)	150
Income tax expense	(3.235)	(3.123)	(112)
Total income	7.534	6.034	1.500
Net income attributable to non-controlling interest	447	439	8
Net income (loss) for the year	7.087	5.595	1.492

Revenues:

They grew by 7% (3.5 million) compared to the same period of the previous year. Net of the increase linked to Ing. Bassi SpA (hereinafter IGB SpA) which entered the consolidation area only from 1/1/2021, the increase in growth was equal to 5.8% (2.7 million) entirely deriving from organic growth, both as a result of the enhancement of the customer portfolio and the acquisition of new mandates and the increase recorded in consulting activities. As reported in the table included in the following paragraph dedicated to EBITDA, it is important that the increase in gross revenues was achieved without an increase in passive commissions: net revenues are therefore equal to 45.4 million, counting the 42.0 of the previous year, with a net growth of 8.1%.

Operating costs

In absolute value, the increase in costs amounted to 1.6 million, of which 0.5 million related to the change in the scope of consolidation (IGB SpA). The increases focus on personnel costs +0.6 million (of which 50% IGB SpA) and the residual on expenses for services resulting from the

recovery in spending on communication, promotion and image and the increase in collaborations and consultancy, deriving from the growth of commercial activity.

Ebitda

The resulting growth in EBITDA stood at 14% compared to the same period of the previous year. The following table shows the Ebitda/Revenue ratio

(amounts in €/000)	31/12/2021	31/12/2020	Variation
Gross Revenues	50.155	46.763	3.392
Commission expense	(4.850)	(4.786)	
Net Revenues	45.305	41.977	3.328
Operating expenses	(31.118)	(29.532)	
EBITDA	14.187	12.445	1.742
<i>as a % of gross revenues</i>	<i>28,3%</i>	<i>26,6%</i>	
<i>as a % of net revenues</i>	<i>31,3%</i>	<i>29,6%</i>	

In addition to the increase compared to the first half of 20/21, the ratio on net revenues is particularly evident, which stands at 31.4% (compared to 29.7% previously).

Non-recurring charges

The non-recurring charges, equal to 0.2 million, mainly refer to the adverse outcome of a judgment of the Court of Cassation.

Net profit

Net profit, adjusted for minority interests, grew by EUR 1.5 million, or 27%.

Net Financial Position

(amounts in €/000)	31/12/2021	30/06/2021	Variation
Short Terms Loans	(12.392)	(6.653)	(5.739)
Short Term Debts for Right of use and leases	(3.035)	(3.327)	292
Short term financial payables for acquisitions	(1.583)	(304)	(1.279)
Receipt in transit	4.349	4.088	261
Cash accounts	33.505	21.029	12.476
Short term financial position	20.844	14.833	6.011
			0
M/L Term Loans	(32.291)	(33.261)	970
M/L Term Debts for Right of use and leases	(6.622)	(6.057)	(565)
M/L Term financial position	(38.913)	(39.318)	405
Total net financial position	(18.069)	(24.485)	6.416
PFN/EBITDA	1,27	1,46	
PFN/EQUITY	0,30	0,43	

The net financial position, equal to euro 18.1 million, improved by euro 6.5 million compared to 30/06/2021.

This amount includes payables for acquisitions (1.6 million) and discounts the payment of dividends (3.4 million) and the disbursement for the purchase of the Assidea business unit (1.1 million).

Thanks to the significant cash flow generated in the period, the NFP stood at 1.27 times EBITDA and 0.3 times Equity, further improving compared to the close of 30 June.

The debt at 31/12/2021 is all about the medium to long term, which allows to free up resources to support the sustainable growth of the Group.

As a result, the first half of the year saw a decrease in financial charges of euro 52 thousand.

Consolidated Balance Sheets at 31/12/2021

(amounts in €/000)	Note	31/12/2021	30/06/2021
ASSETS			
Intangible Assets	1	69.102	67.725
Tangible assets	2	11.008	10.827
Investment	3	1.203	1.240
Tax receivable MLT	4	277	177
Deferred income tax assets	5	1.785	1.785
Non current Assets		83.375	81.754
ST Commercial Receivables	6	5.944	6.789
Other Tax benefits	7	2.006	559
Other Receivables ST	8	66.979	52.666
Cash accounts	9	33.505	21.029
Currents Assets		108.434	81.043
Total Assets		191.809	162.797
EQUITY AND LIABILITIES			
Shareholders' equity		7.617	7.617
Share Premium reserve		33.437	33.437
Other reserves		(1.255)	(1.442)
Retained results carried forward		13.241	10.276
Net profit (loss) of the year		7.087	6.635
Net Equity of the group		60.127	56.523
Capital and reserve of minority interests		1.190	350
Net profit attributable to minority interests		447	835
Net equity of third parties		1.637	1.185
Net Equity	10	61.764	57.708
Post employment benefit	11	15.923	15.783
LT Loans	13	38.913	39.318
Non Current Liabilities		54.836	55.101
ST Loans	14	15.425	9.980
ST trade payables	15	8.813	3.974
Tax and social security payables	16	5.868	3.193
Other liabilities	17	45.103	32.841
Current liabilities		75.209	49.988
Total Equity and liabilities		191.809	162.797

Note: Balance sheets' data at 31/12/2021 are compared to 30/06/2021 financial year

Consolidated Statement of income at 31/12/2021

(amounts in €/000)	Note	31/12/2021	31/12/2020
Operating revenues	18	49.724	46.359
Other operating revenues	19	431	404
Revenue		50.155	46.763
Cost for services	20	16.129	15.155
Cost for use of third parties assets	21	680	598
Personnel costs	22	17.847	17.235
Other operating costs	23	1.312	1.330
Depreciation and provisions	24	2.587	2.255
Operating expenses		38.555	36.573
EBIT		11.600	10.190
Financial Income (charges)	25	(623)	(675)
Net income (loss) from discontinued operations		(208)	(3)
write down of investments		0	(355)
Income before income taxes		10.769	9.157
Income tax expense	26	3.235	3.123
Net income (loss) for the year		7.534	6.034
Net income attributable to non-controlling interest		447	439
Net income attributable to the Company		7.087	5.595

STATEMENT OF OTHER COMPONENTS OF THE CONSOLIDATE COMPREHENSIVE INCOME STATEMENT (AS REQUIRED BY IAS1)

(amounts in €/000)	31/12/2021	31/12/2020
Net income attributable to the Company	7.087	5.595
OTHER COMPREHENSIVE INCOME (LOSS) BEFORE TAX		
Income (loss) related to pensions and post-retirement plans	0	(75)
Other comprehensive income (loss) before tax	7.087	5.520
Income tax relating to other comprehensive income (loss)	0	18
Comprehensive income	7.087	5.538
Comprehensive income attributable to non-controlling interests		
Comprehensive income attributable to the Company	7.087	5.538

Consolidated statements of cash flows

(amounts in €/000)		31/12/2021	31/12/2020
Cash and cash equivalent		21.029	8.689
Cash and cash equivalent at beginning of the year	A	21.029	8.689
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit (loss) of the year		7.534	6.034
Amortization/Depreciation of fixed assets		2.387	2.055
Net change in provisions for personnel cost		140	175
Actuarial Difference		0	(75)
Change in deferred tax assets		0	(675)
Reversal of net financial charges		623	675
Net cash provided by operations before changes in working capital		10.684	8.189
CHANGES IN CURRENT ASSETS AND LIABILITIES			
(Increase) decrease in trade and other receivables		(602)	352
Increase (decrease) in trade and other payables		17.101	12.216
(Increase) decrease in other assets		(14.313)	(11.696)
Increase (decrease) in tax liabilities		2.675	2.665
Increase (decrease) in short term financial liabilities		5.445	(12.715)
Total changes in current assets and liabilities		10.306	(9.178)
(Increase) decrease in non-current tax receivables		(100)	(2)
Increase (decrease) in other non current liabilities		0	0
Increase (decrease) in m/l term financial liabilities		(405)	17.868
Net financial charges		(623)	(675)
Net cash provided by operations	B	19.862	16.202
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (investments) disposal of property, plant and equipment		(2.137)	(1.234)
Net (investments) disposal of intangible assets		(1.808)	(4.285)
Net (investments) disposal of other financial assets		37	361
Net cash (used for) provided by investing activities	C	(3.908)	(5.158)
Cash flow from financing activity/share capital increase		0	0
effects of change in scope of consolidation (financial)		(64)	2.618
Dividends paid		(3.414)	(2.987)
Net cash (used for) provided by financing activities	D	(3.478)	(369)
Increase (decrease) in cash and cash equivalent	E=B+C+D	12.476	10.675
Cash and cash equivalent at end of the year	A+E	33.505	19.364

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (AS REQUIRED BY IAS 1)

(amounts in €/000)

	30/06/2020	Result attribution	Change in scope of consolidation	Dividends distributed	Other movements	30/06/2021	Result attribution	Dividends distributed	Other movements	31/12/2021
Shareholders' equity	7.617	0	0	0	0	7.617	0	0	0	7.617
Legal reserve	1.235	245	0	0	1	1.481	43	0	(1)	1.523
Share Premium reserve	33.437	0	0	0	0	33.437	0	0	0	33.437
First time adoption reserve (IAS)	(70)	0	0	0	0	(70)	0	0	0	(70)
Remeasurement defined benefit plans (IAS19)	(2.324)	0	0	0	(75)	(2.399)	0	0	0	(2.399)
Other reserves	7.568	5.212	156	(2.987)	(127)	9.822	6.593	(3.414)	(69)	12.932
Net profit (loss) of the year	5.458	(5.458)	0	0	6.635	6.635	(6.635)	0	7.087	7.087
Net Equity of the group	52.921	(1)	156	(2.987)	6.434	56.523	1	(3.414)	7.017	60.127
Capital and reserve of minority interests	431	405	0	0	(486)	350	836	0	4	1.190
Net profit attributable to minority interests	406	(406)	0	0	835	835	(835)	0	447	447
Net equity of third parties	837	(1)	0	0	349	1.185	1	0	451	1.637
Net Equity	53.758	(2)	156	(2.987)	6.783	57.708	2	(3.414)	7.468	61.764

GENERAL INFORMATION

ASSITECA is the largest Italian Group in the management of business risks and insurance brokerage.

Established in 1982 and listed on the Milan Stock Exchange since 2015, it now has over 700 employees.

The Group shareholders' equity is over Euro 55 million and its turnover at 30 June 2021 is approximately Euro 87 million.

ASSITECA adopts an innovative approach to the management of business risks, the traditional brokerage activity is supplemented by specific advisory services, aimed at offering a comprehensive choice of insurance solutions through a working model that combines analysis, consulting and brokerage.

The Group operates in 100 countries around the world thanks to international partnerships with EOS RISQ, Lockton Global and Gallagher Global Alliance, and has 19 offices in Italy, 2 in Spain (Barcelona and Madrid) and 1 in Switzerland (Lugano).

It has established specialised divisions with expertise in particular areas of risk: Affinity & Small Business, Agriculture, Construction & Infrastructure, Trade Loans, Employee Benefits & Welfare, Renewable Energy, Public Entities, Financial Lines, Insurtech, International, Motor, Risk Consulting, Healthcare and Transport.

ASSITECA constantly places customer satisfaction at the centre of its actions in compliance with codes of conduct based on ethics and transparency. The certification of the Quality System, the adoption of the Organisational Model 231 and the Code of Ethics, the Legality Rating and the Sustainability Report bear witness to this.

DECLARATIONS OF CONFORMITY

The ASSITECA Group prepared the consolidated financial statements at 30 June 2021 in compliance with the IAS/IFRS international accounting standards and the related interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) and the *Standing Interpretations Committee* (SIC) issued by the *International Accounting Standards Board* (IASB) and approved by the European Community, as well as the measures issued in implementation of Article 9 of Legislative Decree 38/2005.

FINANCIAL STATEMENTS STRUCTURE

The ASSITECA Group consolidated financial statements at 30 June 2021 for the financial year 1 July 2020 - 30 June 2021, consisting of the consolidated statement of financial position, the consolidated separate income statement, the consolidated cash flow statement and the explanatory notes (hereinafter the "consolidated financial statements") were approved by the Board of Directors of ASSITECA S.p.A. on 31 March 2022.

The financial statements are prepared in accordance with IAS 1 - Presentation of Financial Statements (revised).

The structure of the statement of financial position incorporates the classification between "current assets" and "non-current assets", while with reference to the income statement the classification by nature has been maintained, a form considered more representative than the presentation by destination (also called "cost of sales"). The cash flow statement was prepared using the indirect method.

Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of transactions with related parties on the assets and liabilities side of the statement of financial position and on the income statement are shown in the financial statements. Transactions with related parties are identified according to the extended definition provided by IAS 24, i.e. including relations with administrative and control bodies as well as with managers with strategic responsibilities.

The consolidated financial statements are prepared in thousands of euros. All amounts included in the tables in the notes below, unless indicated otherwise, are expressed in thousands of euro.

PREPARATION CRITERIA AND ACCOUNTING STANDARDS

The consolidated financial statements for the period 30/06/2021– 31/12/2021 have been prepared in accordance with the IFRS adopted by the European Union and include the financial statements of ASSITECA S.p.A. and of the Italian and foreign companies over which the company has the right to exercise, directly or indirectly, control, determining their financial and operating decisions, and obtaining the relative benefits. For consolidation purposes, where the consolidated companies do not already prepare their individual financial statements in accordance with IFRS, the financial statements (for the Italian subsidiaries) and the accounting statements (for the foreign subsidiary) prepared in accordance with the valuation criteria set out in local regulations have been used, adjusted to bring them into line with IFRS.

The consolidated half year financial statements at 31/12/2021 have been prepared on a going concern basis.

Income and cash flows data at 31/12/2021 are compared to the correspondent data of the period 1 July 2020 – 31/12/2020. Financial data at 31/12/2021 are compared to 30/06/2021 data.

Subsidiaries are consolidated on a line-by-line basis from the date on which control was actually transferred to the Group and cease to be consolidated from the date on which control was transferred.

The subsidiaries included in the scope of consolidation at 31/12/2021 are as follows::

(amount in €/1000)	% of the Group	capital/1000	headquarter
ASSITECA Agricoltura S.r.l.	100%	30	Verona
A&B Insurance and Reinsurance S.r.l.	100%	104	Milano
ASSITECA SA	100%	301	Madrid
A.S.T. S.r.l.	100%	10	Milano
ASSITECA B.S.A. S.r.l.	100%	49	Modena
Soucopa SA	100%	CHF 100	La Chaux
ASSITECA Consulting S.r.l.	100%	10	Milano
ASSITECA S.A.	52%	CHF 200	Lugano
Assita S.p.A.	80%	120	Milano
Ing. Bassi S.p.A.	100%	104	Firenze
Artigian broker S.r.l.	50%	100	Roma

The scope of consolidation at 31/12/2021 didn't change in comparison with 30/06/2021, although, compared to 31 december of the previous year, income data underwent the inclusion of Ing. Bassi S.p.A., acquired on may 2021

ASSOCIATED COMPANIES

Associated companies are those in which the Group holds at least 20% of the voting rights or exercises significant influence, but not control, over financial and operating policies.

The associated companies are as follows:

	Book value	%
Assiteca SIM S.p.A. in Liquidazione	30	4.20%

CONSOLIDATION PRINCIPLES

In the preparation of the consolidated financial statements, the assets, liabilities, costs and revenues of the consolidated companies are included on a line-by-line basis, attributing to minority shareholders in specific items of the statement of financial position and income statement their portion of shareholders' equity and of the result for the period.

The book value of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of the subsidiaries, including any fair value adjustments, at the date of acquisition of the related assets and liabilities; any residual difference is allocated to goodwill.

All intra-group balances and transactions, including any unrealised profits arising from transactions between Group companies, are eliminated. Profits and losses realised with associated companies are eliminated for the part pertaining to the Group. Intra-group losses are eliminated except where they represent accumulated impairment losses.

CONVERSION OF FINANCIAL STATEMENTS IN CURRENCIES OTHER THAN THE EURO

The consolidated financial statements are presented in thousands of euros, which is also the functional currency in which all Group companies operate with the only exception of Assiteca SA (Lugano) with currency is CHF.

Seasonality of operations

The insurance brokerage activity is characterized by a strong concentration of policy maturities at 31 December: this leads to an increase in both receivables from insured persons and debts to companies, which are settled in the months of January and February.

ACCOUNTING STANDARDS

The consolidated financial statements at 31/12/2021 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. IFRS also means all the revised international accounting standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as Standing Interpretations Committee (SIC).

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS FROM 1 JULY 2020

IFRS 39: from 1 July 2020, the company decided to apply the amortised cost principle.

IFRS 39 par. 9 defines the amortised cost of a financial asset or liability as "the value at which the financial asset or liability was measured at the time of initial recognition, net of principal repayments, increased or decreased by total amortisation using the criterion of the effective interest on any difference between the initial value and the value at maturity, and less any reduction (made directly or through the use of a provision) as a result of an impairment or non-recoverability". In addition, the effective interest rate is defined as "the rate that discounts estimated future payments or collections over the expected life of the financial instrument to the net book value of the financial asset or liability". The application of this measurement criterion, therefore, requires that the costs or revenues deriving from the financial instrument (security, receivable or payable) be allocated over the entire duration of the asset or liability. When the initial book value and the repayment value coincide and the interest is constant for the entire period, the amortised cost criterion coincides with that of the historical cost or nominal value, as the nominal interest rate (collected or paid) is identical to the actual one. Where, on the other hand, there are differences between the initial value and the repayment value (due to initial costs, issue premiums or discounts), or the interest rates are different over

the life of the financial instrument, the nominal interest rate is different from that of the financial instrument and the asset or liability must be recognised in the statement of financial position at a different value from the historical cost (for securities) or nominal value (for receivables and payables).

IFRS 39: from 1 July 2020, the company decided to apply the amortised cost principle.

IFRS 39 par. 9 defines the amortised cost of a financial asset or liability as "the value at which the financial asset or liability was measured at the time of initial recognition, net of principal repayments, increased or decreased by total amortisation using the criterion of the effective interest on any difference between the initial value and the value at maturity, and less any reduction (made directly or through the use of a provision) as a result of an impairment or non-recoverability". In addition, the effective interest rate is defined as "the rate that discounts estimated future payments or collections over the expected life of the financial instrument to the net book value of the financial asset or liability". The application of this measurement criterion, therefore, requires that the costs or revenues deriving from the financial instrument (security, receivable or payable) be allocated over the entire duration of the asset or liability. When the initial book value and the repayment value coincide and the interest is constant for the entire period, the amortised cost criterion coincides with that of the historical cost or nominal value, as the nominal interest rate (collected or paid) is identical to the actual one. Where, on the other hand, there are differences between the initial value and the repayment value (due to initial costs, issue premiums or discounts), or the interest rates are different over the life of the financial instrument, the nominal interest rate is different from that of the financial instrument and the asset or liability must be recognised in the statement of financial position at a different value from the historical cost (for securities) or nominal value (for receivables and payables).

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

The individual items of the statement of financial position and income statement are commented on below.

NOTE 1 - INTANGIBLE ASSETS

The composition and changes in intangible assets at 31/12/2021 are shown in the table below:

(amounts in €/000)	30/06/2021	Increase	Decrease	Depreciation	Other movements	31/12/2021
Goodwill/badwill by merger	53.513	1.555	0	0	(1)	55.067
Development costs	173	56	0	(27)	0	202
Licence assignment, label	1.557	441	0	(285)	(2)	1.711
Other intangible assets	198	17	0	(80)	0	135
Modernization cost	289	0	0	(38)	0	251
Consolidation difference	11.995	0	0	0	(259)	11.736
Intangible Assets	67.725	2.069	0	(430)	(262)	69.102

Goodwill, as a fixed asset with an indefinite useful life recognised as a fixed asset at 30/06/2021 was tested for impairment.

This assessment, carried out at least once a year, was carried out at the level of the cash generating units (CGUs) to which the value of goodwill can be allocated.

In order to determine the recoverable amount, reference was made to the value in use determined using the "Discounted cash flow" method, which estimates future cash flows and discounts them using a rate that coincides with the weighted average cost of capital (WACC).

The column relating to the increase in goodwill derives from the acquisition of the business unit Assidea.

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

The breakdown of and changes in property, plant and equipment at 31/12/2021 are shown in the table below:

(amounts in €/000)	30/06/2021	Increase	Decrease	Depreciation	Other movements	31/12/2021
Land and buidings	186	0	0	0	0	186
Machines and installation	6	0	0	(1)	(1)	4
Right of use assets	9.198	2.078	0	(1.688)	(1)	9.587
Cars	305	43	(52)	(76)	2	222
Fitting and furniture	511	32	0	(56)	0	487
Electronic machine	384	22	0	(79)	0	327
Mobile Phones	237	14	0	(55)	(1)	195
Tangible assets	10.827	2.189	(52)	(1.955)	(1)	11.008

The increase in Right od Use is mainly due to the renewal of Milan Offices Lease and new car renting contracts.

NOTE 3 - FINANCIAL ASSETS

The breakdown of this item at 31/12/2021 and 30/06/2021 is shown below:

(amounts in €/000)	31/12/2021	30/06/2021
Investment in associated company	30	30
Investment in unconsolidated company	10	10
Other receivable and investments	847	887
LT commercial receivables	316	313
Investment	1.203	1.240

The investment in non-consolidated subsidiaries includes the investment in the company A.S.T. S.r.l., as indicated previously, for an amount of Euro 10 thousand. It was not included in the scope of consolidation because not significant

The item Other receivable and investments includes guarantee deposit (306 thousand euros) and other investments (541 thousand euros)

NOTE 4 - TAX RECEIVABLES (NON-CURRENT)

This item is broken down as follows at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
Other tax receivables	277	177
Tax receivable MLT	277	177

NOTE 5 - DEFERRED TAX ASSETS

Deferred tax assets were determined on the temporary differences between taxable income and the result of the financial statements by applying the I.R.E.S. rate of 24% and the I.R.A.P. rate of 3.9%.

(amounts in €/000)	31/12/2021	30/06/2021
Other deferred taxes	854	854
Other taxes	807	807
Receivable for advanced taxes IRES	115	115
Receivable for advanced taxes IRAP	9	9
Deferred income tax assets	1.785	1.785

NOTE 6 - TRADE RECEIVABLES AND OTHER TRADE ASSETS

Trade receivables were broken down as follows at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
ST trade receivables	5.944	6.787
ST Group receivables	0	2
ST Commercial Receivables	5.944	6.789

NOTE 7 - TAX RECEIVABLES (CURRENT)

The breakdown of this item at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
Receivables from refunding VAT	2	2
Receivable from IRES	1.678	202
Receivables from IRAP	131	82
Other receivables from tax authorities	195	273
Other Tax benefits	2.006	559

NOTE 8 - RECEIVABLES FROM OTHERS

The breakdown of this item at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
Receivables from policyholders and insurer (commission and premium)	55.931	37.345
Claims advances	757	745
Receivables from employees	258	285
ST deferred income	3.462	2.857
ST Other Receivables	6.379	11.178
Other financial receivables ST	192	256
Other Receivables ST	66.979	52.666

The increase between 31/12/2021 and 30/06/2021 of receivables for premiums and commissions is because they represent different periods of the Group business, with different concentration of insurance premium. The same item at 31/12/2020 was equal to 54.695 (€/000).

NOTE 9 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

(amounts in €/000)	31/12/2021	30/06/2021
Banking and postal accounts	33.411	20.893
Cheques	38	74
Cash account	56	62
Cash accounts	33.505	21.029

The balance represents cash and cash equivalents on bank and postal current accounts and the existence of cash and cash equivalents at the end of the period.

The value of cash and cash equivalents is deemed to be in line with their fair value.

NOTE 10 - SHAREHOLDERS' EQUITY

The composition of the Group shareholders' equity and the changes with respect to the previous year are shown in the table below:

(amounts in €/000)	30/06/2020	Result attribution	Change in scope of consolidation	Dividends distributed	Other movements	30/06/2021	Result attribution	Dividends distributed	Other movements	31/12/2021
Shareholders' equity	7.617	0	0	0	0	7.617	0	0	0	7.617
Legal reserve	1.235	245	0	0	1	1.481	43	0	(1)	1.523
Share Premium reserve	33.437	0	0	0	0	33.437	0	0	0	33.437
First time adoption reserve (IAS)	(70)	0	0	0	0	(70)	0	0	0	(70)
Remeasurement defined benefit plans (IAS19)	(2.324)	0	0	0	(75)	(2.399)	0	0	0	(2.399)
Other reserves	7.568	5.212	156	(2.987)	(127)	9.822	6.593	(3.414)	(69)	12.932
Net profit (loss) of the year	5.458	(5.458)	0	0	6.635	6.635	(6.635)	0	7.087	7.087
Net Equity of the group	52.921	(1)	156	(2.987)	6.434	56.523	1	(3.414)	7.017	60.127
Capital and reserve of minority interests	431	405	0	0	(486)	350	836	0	4	1.190
Net profit attributable to minority interests	406	(406)	0	0	835	835	(835)	0	447	447
Net equity of third parties	837	(1)	0	0	349	1.185	1	0	451	1.637
Net Equity	53.758	(2)	156	(2.987)	6.783	57.708	2	(3.414)	7.468	61.764

The main changes in shareholders' equity in the half year ended 31/12/2021 were as follows:

- increase in profits for 7.087 thousand euros,
- distribution of dividends to third parties of Euro 3,414 thousand euros.

NOTE 11 - LIABILITIES FOR PENSIONS AND SEVERANCE INDEMNITIES

This item includes all pension obligations and other benefits in favour of employees, subsequent to the termination of employment or to be paid on maturity of certain requirements, and is represented by provisions for severance indemnities relating to Group personnel.

Changes in the period are shown below:

(amounts in €/000)	31/12/2021	30/06/2021
Balance at the beginning of the period	15.783	15.042
Provision	779	741
Change in scope of consolidation	0	(186)
Reverse	(639)	(199)
Other movements	0	385
Post employment benefit	15.923	15.783

Changes during the period reflect provisions and disbursements, including advances, made during the first half of the financial year

The provision for employee severance indemnities is part of the defined benefit plan.

The Project Unit Cost method was used to determine the liabilities at 30/06/2021.

For the half year period the actuarial valuation was not updated, because the company usually do it at the end of the financial year.

NOTE 13 - FINANCIAL LIABILITIES DUE AFTER 12 MONTHS

This item is broken down as follows at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
Bank overdraft LT	1	1
LT bank loan - no Guarantee	32.290	33.260
Leasing loans	151	197
Other LT Loans	6.471	5.860
LT Loans	38.913	39.318

NOTE 14 - FINANCIAL LIABILITIES DUE WITHIN 12 MONTHS

This item is broken down as follows at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
ST open accounts overdraft	43	349
Other Bank financial Loan	7.800	2.000
Bank LT Loan - ST quote	4.549	4.304
Financial payable to group companies	(2)	0
Leasing Loan	188	227
Other ST loans	2.847	3.100
ST Loans	15.425	9.980

NOTE 15 - TRADE PAYABLES

This item is broken down as follows at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
ST payables to suppliers	8.805	3.960
Accrued liabilities	8	14
ST trade payables	8.813	3.974

NOTE 16 - TAX AND SOCIAL SECURITY PAYABLES

This item is broken down as follows at 31/12/2021 and 30/06/2021:

(amounts in €/000)	31/12/2021	30/06/2021
Tax payables	4.065	1.448
Social security liabilities	1.803	1.745
Tax and social security payables	5.868	3.193

Tax payables mainly refer to payables for withholding taxes applied to employees or self-employed work.

Social security payables refer to amounts owed to social security institutions, INPS and supplementary pension funds.

NOTE 17 - OTHER LIABILITIES

Other liabilities at 31/12/2021 mainly refer to the payable to companies for premiums already received by the company and not yet paid, shown net of commissions already accrued.

The breakdown of this item is as follows:

(amounts in €/000)	31/12/2021	30/06/2021
Payables to personnel and holidays rights	1.478	1.509
Social security payables	40	45
Prepayment from customers ST	148	366
Contributions to be allocated	42.053	29.708
ST payables in foreign value	1.583	304
Other ST accrued expenses	(199)	887
Other liabilities	45.103	32.819

Guarantees, sureties and other commitments undertaken by the company

(amounts in €/000)	31/12/2021	30/06/2021
Guarantees	15.124	13.500
Memorandum accounts	15.124	13.500

The amount is mainly related to bank guarantees issued pursuant to Article 117, paragraph 3 bis of the Insurance Code.

NOTE 18 - REVENUES

The Group's revenues derive from the following activities:

(amounts in €/000)	31/12/2021	31/12/2020
Net revenues from products sales	46.591	43.700
Revenues from production services	3.133	2.659
Operating revenues	49.724	46.359

Group revenues at 31/12/2021 increased in comparison with the same period of the previous year, due to organic growth, acquisition of new business and growth of consulting revenues.

NOTE 19 - OTHER INCOME

This item breaks down as follows:

(amounts in €/000)	31/12/2021	31/12/2020
Grants related to income	100	0
Ordinary occurrences	93	49
Recovery for other costs and services	20	45
Other operating income	218	310
Other operating revenues	431	404

NOTE 20 - COSTS FOR SERVICES

This item breaks down as follows:

(amounts in €/000)	31/12/2021	31/12/2020
Commission expense	4.850	4.786
Consulting services	2.981	2.745
Other consultancy	1.014	737
Insurances	185	251
Postal and phone expenses	350	298
Travel and transfers	567	408
Promotion and image	1.266	874
Fees to statutory auditors	33	33
Fees to directors	3.025	3.189
Other services	1.858	1.834
Cost for services	16.129	15.155

NOTE 21 - COSTS FOR USE OF THIRD PARTY ASSETS

This item breaks down as follows:

(amounts in €/000)	31/12/2021	31/12/2020
Location rent	220	226
Other rents	459	370
Operative leasing costs	1	2
Cost for use of third parties assets	680	598

Nota 22 – Costo del personale

NOTE 22 - PERSONNEL COSTS

The breakdown of this item for the half year period ended 31/12/2021 and 31/12/2020 is shown below:

(amounts in €/000)	31/12/2021	31/12/2020
Wages and salaries	12.916	12.318
Social contributions	3.952	3.875
Provision for severance indemnities	779	741
Provision for pension fund and others	145	177
Other employee costs	55	124
Personnel costs	17.847	17.235

It mainly increased because of the change in scope of consolidation (Ing. Bassi).

The breakdown of workforce is shown below

(number of employees)	31/12/2021	31/12/2020
Executives	26	22
Middle managers	120	116
Employees	481	464
Workers	2	0
Temporary personnel		0
Total	629	602

NOTE 23 - OTHER OPERATING COSTS

Other operating costs in the half year period ended 31/12/2021 and 31/12/2020 are broken down as follows:

(amounts in €/000)	31/12/2021	31/12/2020
Stationery and printed materials	106	74
Other taxes (no income tax)	100	236
Contingent liabilities	48	115
Banking services and charges	435	440
Miscellaneous expenses	623	465
Other operating costs	1.312	1.330

NOTE 24 - AMORTISATION, DEPRECIATION AND WRITE-DOWNS

This item breaks down as follows:

(amounts in €/000)	31/12/2021	31/12/2020
Risk provisions	200	200
Depreciation fixed assets	1.956	2.075
Depreciation intangible assets	431	(20)
Depreciation and provisions	2.587	2.255

NOTE 25 - FINANCIAL INCOME AND CHARGES

The breakdown of this item is as follows:

(amounts in €/000)	31/12/2021	31/12/2020
Interest and financial income	7	1
Interest and financial income by cash pooling companies	9	0
Profit on foreign exchange	23	28
Financial Revenues	39	29
Interest expenses and financial charges	361	525
Financial charges IAS/IFRS	272	139
Loss on foreign exchange	29	40
Financial costs	662	704
Financial Income (charges)	(623)	(675)

Net financial charges fell by 52 thousand euros.

COMMITMENTS AND CONTINGENT LIABILITIES

There are no commitments or liabilities that derive from obligations in progress and for which the use of resources capable of meeting the obligation is probable, which are not already reflected in the financial statements at 31/12/2021.

CAPITAL MANAGEMENT

The primary objective of the ASSITECA Group is to ensure the best possible balance between the structure of assets and liabilities (solvency ratio) both at corporate level and from the Group's overall point of view. Starting from this principle, the parent company works, even in a complex financial market context, to identify the sources necessary to support the Group's industrial growth plans in the medium term. These sources must be found at the best market conditions, in terms of cost and duration, with the aim of maintaining the capital structure at an adequate level of soundness.

The Group manages the capital structure and changes it to reflect changes in economic conditions and the objectives of its strategic plans.

ADDITIONAL INFORMATION FROM IFRS 7

The rules in IFRS 7 shall be applied by all entities to all financial instruments. Paragraph IN4 of the introduction specifies that IFRS 7 applies to all companies with few financial instruments, but the extent of the information required depends on the extent to which the company uses the financial instruments and is exposed to risk.

The Group is a commercial group whose only financial instruments are trade receivables and trade payables.

The Group has no commitments, guarantees or risks outstanding at the end of the year.

In the course of its business, the Group is exposed to various financial risks, including in particular the market risk in its main components and the exchange rate risk associated with currency trading.

Financial risks are managed by the administrative department, which evaluates all major financial transactions and implements the related hedging policies.

The Group has taken out appropriate insurance policies covering the risk of loss of ownership, product risk and the risk of potential liabilities arising from business interruption following exceptional events. This coverage is reviewed annually.

The following is a series of pieces of information designed to provide information on the extent of the Group's exposure to risks in addition to the information already contained in the report on operations:

- a. Credit risk management: brokerage risk is related only to insurance premiums for which the Group declares coverage to the companies without having yet received the premium from the insured.
- b. Liquidity risk management: the Group's financing requirements and cash flows are coordinated with the aim of ensuring effective and efficient management of financial resources within the framework of centralised treasury management. Cash outflows from current operations are substantially financed by cash inflows from ordinary activities. Liquidity risk may arise only in the event of investment decisions in excess of cash and cash equivalents that are not preceded by sufficient and readily available sources of appropriate funding.
- c. Interest rate risk: the risk of fluctuations in interest rates over time is also closely related to liquidity risk. The Group takes steps to minimise the related cost, diversifying the sources of financing also in consideration of the rates applied and their variability over time. The medium/long-term loans in place are at variable rates. Short-term credit lines are at variable rate, with values that vary in the various forms of financing, and an average cost that in the present financial year was approximately 2.25%. An upward fluctuation in market reference rates, which in the current international macroeconomic context is not likely, given the current structure of the Group's sources of financing, could in any case have a negative effect on its economic performance.
- d. Risk associated with exchange rate fluctuations: the Group has some premium income in dollars, with consequent exposure to exchange rate risk. If the risk is evaluated as significant, specific forward purchase contracts for foreign currency are signed, in order to hedge against the risk of exchange rate fluctuations.

Milan, 31 march 2022

The Chairman of the Board of Directors
(Luciano Lucca)

