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Annual Report of Subsidiary Companies I 2021-22

Endurance Technologies Limited

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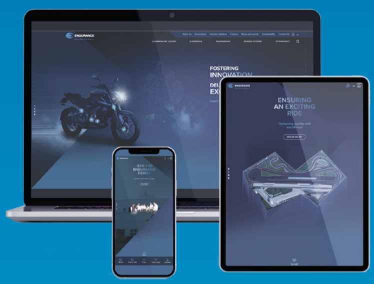
Corporate Overview



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Endurance GmbH
Massenbachhausen/Germany

Management report and annual financial statements for the financial year from 1 April 2021 to 31 March 2022

TRANSLATION
– German version prevails –

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Legally binding is only the printed and bound report.

Endurance GmbH, Massenbachhausen/Germany

Management report for the financial year 2021/2022

General business conditions and environment

Endurance GmbH, Massenbachhausen/Germany, produces, machines and delivers aluminium pressure die casting parts. It also develops and manufactures related moulds. Its main clientele includes the automotive industry itself and automotive component suppliers. The primary sales market is Germany. The products are manufactured on own and leased plant-site land at the Massenbachhausen/Germany site.

Following the COVID-19 crisis, the German economy recorded a growth in gross domestic product of 2.9% in 2021 (prior year: down 5.0%) and the automotive market saw a 10.1% sales slump for new car registrations (Europe: down 2.4%).

Business trend and financial performance

In the financial year 2021/2022, the Company's revenue was at kEUR 49,306, which is a 14.23% increase from the prior year, thus reaching again the level seen prior to the COVID-19 crisis. The Company continues to focus on improving quality and cost control and on effective management of inventory levels of raw materials and finished goods.

Measured against revenue, cost of raw materials experienced a disproportionately high increase of 43.0%. This is due to the price increase for raw materials as well as the reduced manufacturing depth.

Personnel expenses rose by 3.2% compared to the financial year 2019/2020. This is owed to a wage increase (2.3%) as well as the increase in the average headcount. A comparison with the prior year is only useful to a limited extent due to short-time work allowance on account of the COVID-19 pandemic.

Amortisation, depreciation and write-downs increased by 3.3% due to the high capital investment volume in the course of the financial year.

Other operating expenses experiences a slight increase on account of higher revenue but remain clearly below the figures seen prior to the COVID-19 crisis.

Financial performance – measured based on the operating result (EBIT) – amounts to kEUR 1,640 compared to EBIT of kEUR 3,108 in the prior year. The decrease is mainly attributable to the deterioration of the gross profit margin and higher personnel expenses. Having taken into account interest received and paid and income taxes, the profit for the financial year 2021/2022 totals kEUR 1,147 compared to a profit for the prior year of kEUR 2,041.

The EBIT return on revenue saw a sharp decline to 3.3% compared to a return on revenue of 7.2% in the prior year.

Assets, liabilities and financial position

The balance sheet total went down to kEUR 57,915 (prior year: kEUR 58,337) on account of lower receivables from affiliated companies and lower cash and cash equivalents. As a result of this and due to investments made, the property, plant and equipment to total assets ratio increased to 49.5% (prior year: 45.5%). Overall, the structure of the balance sheet remained constant. The Company's cash position in the financial year 2021/2022 was satisfactory.

The decrease in receivables from affiliated companies is attributable to a lower balance on the cash pool account.

Equity increased for earnings-related reasons. In the financial year, the share capital was increased by kEUR 9,278 from Company funds by means of a conversion of capital reserves. Prior-year profit for the year was fully allocated to revenue reserves. The equity ratio rose to 71.6% (prior year: 69.1%).

Loans payable totalling kEUR 1,086 were repaid as scheduled. The Company was able to fully meet its payment obligations.

Trade payables went up compared to the prior year but remain below the level seen prior to the COVID-19 crisis.

Capital investments and financing

In the reporting year, the Company invested kEUR 2,089 in property, plant and equipment (prior year: kEUR 1,026). These capital investments mainly related to plants in mechanical production.

The leasing expenses for machinery and motor vehicles incurred in the financial year 2021/2022 amounted to kEUR 91 (prior year: kEUR 63). The Company is financed through own funds and through long- and short-term bank loans.

Number of employees

In the reporting year, the permanent workforce included an average of 238 employees. The number of apprentices was at eight on the annual average.

In 2022/23, new staff is intended to be recruited in the mechanical production, quality assurance and foundry functions. The Company seeks to continuously raise productivity through internal and external staff training.

Risk report

Appropriate controlling and reporting instruments are used to timely identify, and take appropriate action to address, potential risks from the market environment characterised by increasing competition and technical change. The other risks in the finance and technical areas are addressed, among other things, by taking measures, such as:

- Permanent control of production processes
- Expansion of the production planning and production control system (PPS system)
- Product liability insurance
- Business interruption insurance

A major part of the Company's revenue is realised with a limited number of customers, which involves the risk that one of these partners will considerably reduce its sales volume or intensify the pricing pressure. To minimise this risk, the Company is continuing its efforts to broaden its customer and product base.

In order to improve its financial development, the Company continues to review systems and processes for further rationalisation potentials to be tapped. We address the persisting pricing and cost pressures through further productivity gains.

Liquidity is controlled within the framework of short- and medium-term budgetary planning. Apart from unforeseeable circumstances, the Company anticipates that, based on the budgetary planning for 2022/2023, it will be able to finance budgeted capital investments of kEUR 6,410 through cash flows from operating activities.

Our Company is affected by normal price risks, especially in the areas of aluminium procurement and energy. There are energy price agreements in place for the calendar year 2022. There are no currency hedges or other long-term supply contracts.

The Company seeks to mitigate default risks through corresponding receivables management, which consists in checking new customers, determining delivery limits by means of the collection agency Creditreform, regularly examining receivables from our customers outstanding, a strict dunning system, customer visits or similar.

The implementation of current planning can be affected by COVID-19, supply chain problems for the automotive industry (semiconductors, cable harnesses etc.) and the crisis in Ukraine. While there are no direct supply or customer relationships in Russia or Ukraine, an adverse effect on the financial position and financial performance cannot be precluded.

Outlook

In the calendar year 2022, a minor recovery of the German gross domestic product of currently 1.9% compared to the prior year is expected, with probable growth of 7.9% being expected for the automotive market.

The product portfolio is continuously updated and expanded. In line with an improvement of production processes by introducing appropriate measures, this should lead to an earnings improvement in the medium term.

The cooperation with the Indian and above all the Italian Endurance Group plants is to be further expanded, which we expect to result in additional synergy and standardisation effects.

In 2022/2023, the Company's budget planning provides for capital investments that will comprise the realisation of new product lines for new customer projects but also an expansion of the foundry capacities of the larger locking force classes.

For the financial year 2022/2023, we expect revenue growth of 1%. With a slightly higher cost of materials to revenue ratio, somewhat higher labour cost but also increasing productivity, a result for the year at the prior-year level is anticipated for the upcoming financial year.

Endurance GmbH, Massenbachhausen/Germany

Balance sheet as at 31 March 2022

ASSETS		31 Mar. 2022	31 Mar. 2021
	EUR	EUR	kEUR
A. Fixed assets			
I. Intangible fixed assets			
Software and licences acquired for a consideration		138.240,00	162
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	10.143.158,58		10.456
2. Technical equipment and machinery	12.709.650,00		13.108
3. Other equipment, operating and office equipment	1.569.216,00		1.702
4. Prepayments and assets under construction	4.239.004,13		1.306
		28.661.028,71	26.572
III. Long-term financial assets			
Shares in affiliated companies		4.616.000,00	4.616
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	5.383.328,87		4.775
2. Work in progress	2.793.646,94		2.141
3. Finished goods	2.463.795,40		952
4. Prepayments made	228.206,50		1.685
		10.868.977,71	9.553
II. Receivables and other current assets			
1. Trade receivables	4.958.635,97		5.186
2. Receivables from affiliated companies	4.871.546,49		7.006
- of which cash pool account: EUR 1,868,424.10 (prior year: kEUR 4,004)			
- of which loans to Endurance Overseas: EUR 3,000,000 (prior year: kEUR 3,000)			
3. Other assets	510.751,53		440
		10.340.933,99	12.632
III. Cash-in-hand and bank balances		3.044.975,43	4.576
C. Prepaid expenses		245.184,16	226
		57.915.340,00	58.337

EQUITY AND LIABILITIES		31 Mar. 2022	31 Mar. 2021
	EUR	EUR	kEUR
A. Equity			
I. Subscribed capital			
1. Share capital	12.527.580,00		3.250
2. Treasury shares	-770.928,00		-200
		11.756.652,00	3.050
II. Capital reserves		4.179.062,31	13.457
III. Revenue reserves			
Other revenue reserves		24.380.732,97	21.768
IV. Profit for the year		1.147.092,13	2.041
		41.463.539,41	40.316
B. Provisions			
1. Tax provisions	657.198,75		0
2. Other provisions	6.241.619,41		7.259
		6.898.818,16	7.259
C. Liabilities			
1. Liabilities to banks	4.699.991,00		5.786
2. Trade payables	3.920.114,11		3.366
3. Liabilities to affiliated companies	354.639,62		440
4. Other liabilities	578.237,70		1.170
- of which taxes: EUR 338,357.87 (prior year: kEUR 477)			
- of which relating to social security and similar obligations: EUR 28,967.16 (prior year: kEUR 45)			
		9.552.982,43	10.762
		57.915.340,00	58.337

Endurance GmbH, Massenbachhausen/Germany

Statement of profit and loss
for the period from 1 April 2021 to 31 March 2022

		2021/2022 EUR	2021/2022 EUR	2020/2021 kEUR
1.	Revenue	49.306.318,05		43.163
2.	Increase or decrease (-) in finished goods inventories and work in progress	1.095.817,61		-615
3.	Other operating income	29.035,80		35
			50.431.171,46	42.583
4.	Cost of materials			
	a) cost of raw materials, consumables and supplies	23.638.136,41		17.128
	b) Cost of purchased services	5.816.568,92		4.852
			29.454.705,33	21.980
5.	Personnel expenses			
	a) Wages and salaries	9.036.252,95		7.809
	b) Social security, post-employment and other employee benefit costs	1.876.396,55		1.663
			10.912.649,50	9.472
	- of which post-employment costs: EUR 17,812.60 (prior year: kEUR 19)			
6.	Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of property, plant and equipment		3.402.741,72	3.295
7.	Other operating expenses		4.990.905,57	4.698
8.	Other interest and similar income		13.559,55	16
	- of which from affiliated companies: EUR 13,559.55 (prior year: kEUR 16)			
9.	Interest and similar expenses		63.922,74	222
			1.619.806,15	2.932
10.	Income taxes		442.818,58	861
11.	Earnings after taxes		1.176.987,57	2.071
12.	Other taxes		29.895,44	30
13.	Profit for the year		1.147.092,13	2.041

Endurance GmbH, Massenbachhausen/Germany
Registration court: Stuttgart/Germany HRB 108298

Notes to the financial statements for the financial year 2021/2022

General information

The annual financial statements on hand have been prepared according to Secs. 242 et seq. and Secs. 264 et seq. German Commercial Code (HGB) as well as according to the regulations of the German Limited Liability Companies Act (GmbHG). The regulations for large corporations apply.

The nature of expense format has been applied to the statement of profit and loss.

To enhance the clarity of presentation, the disclosures on the allocation to several balance sheet items and a part of the separate line items for subtotals were included in the notes to the financial statements.

Accounting and valuation principles

The following accounting and valuation principles were again applied to the annual financial statements.

Intangible fixed assets acquired for a consideration are recognised at acquisition cost and amortised on a straight-line basis over the useful life, which is derived from the tax amortisation tables published by the German tax authorities.

Property, plant and equipment are recognised at acquisition cost, with depreciable assets being depreciated. Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful life, which is derived from the German tax depreciation tables. Assets with an individual net value of up to EUR 800.00 are fully depreciated in the year of acquisition. Additions to property, plant and equipment are depreciated on a pro rata basis.

Shares in affiliated companies are recognised at acquisition cost. Write-downs are only made in case of expected permanent impairment.

Inventories are recognised at the lower of acquisition or production cost and current value.

Inventories of **raw materials, consumables and supplies** have been capitalised at the lower of average cost price or current value as at the reporting date.

In measuring **work in progress** and **finished goods**, appropriate portions of production overhead and indirect material as well as depreciation, in addition to direct material, direct labour and special direct production cost, have also been taken into account to the extent that they result from production.

For prepayments on moulds, the respective stage of completion has been taken into account. Moulds purchased from third parties have been accounted for at the lower of acquisition cost or market price.

Adequate provisions have been made for all potential losses, i.e. deductions for costs to sell have been made from anticipated sales prices.

Appropriate allowances have been made for all inventory risks identifiable as at the reporting date which result from above average days in inventories, reduced usability and lower replacement costs.

Apart from retention of title as is customary in the trade, inventories are free from third-party rights.

Receivables and other current assets are recognised at nominal value. All risk items have been taken into account by making appropriate specific allowances; the general credit risk has been covered by making general allowances.

Cash-in-hand and bank balances were stated at nominal value.

Prepaid expenses were recorded for costs before the balance sheet date that constitute expenses for a certain period of time after that date.

Treasury shares have been openly deducted from issued capital in accordance with Sec. 272 (1a) HGB.

Other provisions cover all contingent liabilities. They have been stated at settlement value necessary according to sound business judgement (i.e. including future costs and price increases).

Liabilities have been recognised at settlement value.

Differences between the values recognised under German commercial law and tax law are recognised under provisions. This results in deferred tax assets. They are determined using the specific tax rates of the Company. The Company did not exercise the option conferred by Sec. 274 HGB.

Notes to the balance sheet

Fixed assets

The movements in the individual fixed asset items are presented in the statement of movements in fixed assets, stating amortisation, depreciation and write-downs of the reporting year (appendix to the notes).

Receivables and other current assets

Like in the prior year, all trade receivables and other assets have a residual term of up to one year. Receivables from affiliated companies include trade, cash pooling receivables of kEUR 1,868 (prior year: kEUR 4,004) and a loan granted to Endurance Overseas of kEUR 3,000 (prior year: kEUR 3,000).

Equity

The subscribed capital of the Company amounts to kEUR 12,528 (prior year: kEUR 3,250). The shareholder is Endurance Technologies Ltd., Aurangabad/India. It holds shares with a nominal value of kEUR 11,757 (prior year: kEUR 3,050). Shares with a nominal value of kEUR 771 (prior year: kEUR 200) are held by the Company itself.

Under Sec. 272 (1a) HGB, the nominal value of the treasury shares of kEUR 771 (prior year: kEUR 200) was deducted from subscribed capital.

Other provisions

Provisions primarily comprise variable salary components (kEUR 536), warranty risks (kEUR 211), credit notes to be issued and tool cost allowances (kEUR 3,277) as well as outstanding invoices (kEUR 2,012).

Liabilities

The residual terms of liabilities are specified in the statement of changes in liabilities.

	31.03.2022				31.03.2021			
	Restlaufzeit bis 1 Jahr	Restlaufzeit über 1 bis 5 Jahre	davon Restlaufzeit über 5 Jahre	Gesamt	Restlaufzeit bis 1 Jahr	Restlaufzeit über 1 bis 5 Jahre	davon Restlaufzeit über 5 Jahre	Gesamt
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
1.Verbindlichkeiten gegenüber Kreditinstituten	1.085,7	3.614,3	1.071,4	4.700,0	1.085,7	4.700,0	1.357,1	5.785,7
2.Verbindlichkeiten aus Lieferungen und Leistungen	3.920,1			3.920,1	3.334,5			3.334,5
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	354,6			354,6	440,3			440,3
4. Sonstige Verbindlichkeiten	578,2			578,2	1.170,0			1.170,0
- davon aus Steuern	338,4			338,4	476,7			476,7
- davon im Rahmen der sozialen Sichereit	29,0			29,0	45,1			45,1

There are the following collaterals for liabilities to banks:

- The respective machines financed,
- A kEUR 4,000 land charge entered for plant 3.

Trade payables have been collateralised through suppliers' customary retention of title. As in the prior year, liabilities to affiliated companies result from trade.

Other financial commitments as at 31 Mar. 2022:

	31.03.2022			
	Gesamt	davon mit einer Restlaufzeit bis zu einem Jahr	davon mit einer Restlaufzeit zwischen 1 und 5 Jahren	davon mit einer Restlaufzeit von mehr als 5 Jahren
Miet- und Leasingverträge *)	413	150	262	-

Notes to off-balance-sheet transactions

Operating lease	Purpose	Lowering of cash outflow on account of reduction in capital investment volume
	Risks	Charge of rentals during the contract term of up to 5 years
	Advantages	Modernisation of machinery and office equipment without appropriating investment funds
Consignment stock agreements	Purpose	Optimum handling of sales transactions
	Risks	None
	Advantages	Increase in customer satisfaction
Outsourcing of operational functions (legal function)	Purpose	Optimised addressing of imminent litigation
	Risks	Timely availability of external legal advice by lawyers ensured
	Advantages	Cost saving in comparison with maintenance of internal legal function

Overall, the financial effects are immaterial.

Notes to the statement of profit and loss

Umsatzerlöse	2021/2022	2020/2021
	TEUR	TEUR
Aluminiumdruckguss	43.045	36.886
Zinkdruckguss	225	189
Formen	5.352	5.805
Sonstige	741	404
	49.363	43.284
Erlösschmälerungen	-57	-121
	49.306	**43.163**

Revenue is almost exclusively realised in Germany.

Other revenue mainly relates to income from scrap sales.

Other disclosures

Number of employees

The average headcount during the reporting year was:

	2021/2022	2020/2021
Gewerbliche	188	165
Angestellte	50	51
	238	216
Auszubildende	8	9
	246	225

Management

In the reporting year, management functions were performed by:

- Mr Rinze Dijkstra
- Mr Massimo Venuti (Managing Director Endurance Overseas Srl., Italy)

In accordance with Sec. 286 (4) HGB, the Company did not disclose the remuneration of the managing directors.

Advisory board

The members of the advisory board are:

- Mr Anurang Jain – Managing Director Endurance Technologies Limited, Aurangabad/India

The total emoluments paid to the advisory board for the financial year 2021/2022 amounted to kEUR 0.

Audit and consulting fees

The total fees charged by the auditors of the annual financial statements for the reporting year amount to:

	kEUR
Audit services	29
Other assurance services	31
Tax consultancy	25
Total	85

Related party transactions

Apart from the usual trade relationships, there have been no further related party transactions.

Group affiliation

The Company is included in the consolidated financial statements of Endurance Technologies Limited, Aurangabad/India, which prepares the consolidated financial statements for the smallest and largest group of consolidated entities. These consolidated financial statements are disclosed at the place of the parent company.

Subsequent events

There were no major post-balance-sheet-date events which have been taken into account neither in the statement of profit and loss nor in the balance sheet. Regarding the impact caused by the war in Ukraine, we refer to the disclosures in the management report.

Proposed appropriation of profits

General Management proposes (in conformity with the advisory board) to carry forward onto new account the profit for the year of EUR 1,147,092.13.

Massenbachhausen/Germany, 29 April 2022

– The General Management –

Endurance GmbH, Massenbachhausen/Germany

Movements in fixed assets in the financial year 2021/2022
(Figures in EUR)

	Acquisition/ production cost 31 Mar. 2021	Addition	Reclassifications	Disposal	Acquisition/ production cost 31 Mar. 2022	Accumulated amortisation/ depreciation/ write-downs 31 Mar. 2021	Addition	Disposal	Accumulated amortisation/ depreciation/ write-downs 31 Mar. 2022	Book value 31 Mar. 2022	Book value 31.03.2021
I. Intangible fixed assets											
Software and licences acquired for a consideration	328.641,67	49.460,00	0,00	4.784,80	373.316,87	166.713,67	73.148,00	4.784,80	235.076,87	138.240,00	161.928,00
	328.641,67	49.460,00	0,00	4.784,80	373.316,87	166.713,67	73.148,00	4.784,80	235.076,87	138.240,00	161.928,00
II. Property, plant and equipment											
1. Land and buildings including buildings on third-party land	12.149.248,96	88.876,15	0,00	0,00	12.238.125,11	1.693.299,38	401.667,15	0,00	2.094.966,53	10.143.158,58	10.455.949,58
2. Technical equipment and machinery	33.869.494,51	1.472.516,52	410.057,40	853.131,65	34.898.936,78	20.762.075,51	2.258.185,92	830.974,65	22.189.286,78	12.709.650,00	13.107.419,00
3. Other equipment, operating and office equipment	5.207.413,70	437.254,65	0,00	161.409,78	5.483.258,57	3.505.047,70	569.740,65	160.745,78	3.914.042,57	1.569.216,00	1.702.366,00
4. Prepayments and assets under construction	1.306.391,56	3.442.669,97	-410.057,40	0,00	4.339.004,13	0,00	100.000,00	0,00	100.000,00	4.239.004,13	1.306.391,56
	52.532.548,73	5.441.317,29	0,00	1.014.541,43	56.959.324,59	25.960.422,59	3.329.593,72	991.720,43	28.298.295,88	28.661.028,71	26.572.126,14
III. Long-term financial assets											
Shares in affiliated companies	4.616.000,00	0,00	0,00	0,00	4.616.000,00	0,00	0,00	0,00	0,00	4.616.000,00	4.616.000,00
	4.616.000,00	0,00	0,00	0,00	4.616.000,00	0,00	0,00	0,00	0,00	4.616.000,00	4.616.000,00
	57.477.190,40	5.490.777,29	0,00	1.019.326,23	61.948.641,46	26.127.136,26	3.402.741,72	996.505,23	28.533.372,75	33.415.268,71	31.350.054,14

INDEPENDENT AUDITOR'S REPORT

To Endurance GmbH, Massenbachhausen/Germany

Audit Opinions

We have audited the annual financial statements of Endurance GmbH, Massenbachhausen/Germany, which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss for the financial year from 1 April 2021 to 31 March 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Endurance GmbH, Massenbachhausen/Germany, for the financial year from 1 April 2021 to 31 March 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2022 and of its financial performance for the financial year from 1 April 2021 to 31 March 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mannheim/Germany, 17 May 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Steffen Schmidt	Michael Harst
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Remark:	This PDF-file represents a legally non-binding specimen copy. Legally binding is only the printed and bound report.

ENDURANCE OVERSEAS S.r.l.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 05754620960
Turin Business Register (REA) no.TO 1101893
Quota capital: Euro 16,105,263.00 subscribed and fully paid
VAT Number: 05754620960

Report on operations

Financial statements at 31/03/2022

Quotaholders,

The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2022. In accordance with art. 2428 of the Italian Civil Code, this document provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

The most significant event that marked the year to March 2022 is undoubtedly the return of war scenarios in Europe, with the dramatic conflict in Ukraine still ongoing sadly at the time of preparing this report. In response to the humanitarian crisis that unfortunately involved the population following the conflict, Western countries intervened by imposing sanctions that have exacerbated the already existing imbalances, particularly in the supply of raw materials and energy sources. Apart from the recent geopolitical events, which resulted in the military confrontation, the whole of 2021-22 featured by the series of extraordinary events that involved the international community, influencing the market context of the Automotive sector. The first quarter of the year (April-June 2021) began with confirmation of the economy's recovery, facilitated by a progressive easing of the restrictions introduced to deal with the Covid-19 pandemic. The reopening of business contributed to the growth in GDP (+5.3% in the Euro area for 2021) and the Automotive sector also benefited from this recovery. However, starting from the second quarter (July-September), production slowdowns began due to the problems that car manufacturers were encountering in the procurement of semiconductors. The lack of chips and other electronic components then continued over the course of the following quarters, causing a sharp decline in vehicle registrations compared with both the previous year (2020-21, which was heavily influenced by Covid) and with 2019-20 (the last year that enjoyed normal conditions).

The spread of the Omicron variant, which forced the reintroduction of health measures, and the increase in inflation due to the rise in the prices of raw materials and energy, also contributed to the slowdown. In fact, gas and electricity prices began to rise in the autumn, affecting all international markets, Europe in particular, with the result that the flow of gas from Russia to European countries decreased. In October-December, the material component of energy suffered price hikes of around 400% compared with the historical average of the previous two years. These increases were then further aggravated in the following quarter by the outbreak of war. This extraordinary and unpredictable explosion in energy prices has had a significant impact on the group's results, as explained in greater detail below in the section where we analyse our results.

In this complex macroeconomic scenario, registrations of new vehicles during the financial year (from April '21 to March '22) fell overall by -4.9%, considering the European Union and the UK market (the EU on its own -6.3%), with a strong recovery in the first quarter (+66.7%, due more than anything else to the low volumes of the previous year marked by generalised lockdowns) and a contraction of -23.6% in the second quarter, -23.4% in the third quarter and -10.8% in the last quarter. As these were generalised effects, the decreases affected all countries and all car manufacturers with the exception of Spain (+2.4%) and the UK (+4.2%), which had been heavily penalised the previous year. The VW group, the main manufacturer with almost a third of the EU market, recorded a drop in registrations of -8.5%, Stellantis one of -10.8%, Renault -11.7%, BMW -3.7% and Daimler -12.6%. In the last quarter of the year (January - April 2022), the main car manufacturers recorded the following trends in terms of registrations: VW -15.6%, Stellantis -23.9%, Renault -8.1%, BMW -11.46% and Daimler -9.4%.

The data on the production of P&CV vehicles published by IHS MARKIT for the calendar year 2021 show a growth in world production of cars of +2.7% (compared with -16.9% the previous year, going from 61.5 million to 63.2 million vehicles) compared with +3.6% of total registrations. The change by geographical macro area shows the following: EU -5.7%, North America -2.4%, South America +11.2%, Asia +6.7%, Middle East and Africa +15.1%. Within the European Union, Germany was the leading producer with output of 2.9 million vehicles (albeit down 13.2% compared with the previous year), followed by Spain with 1.6 million vehicles (-8.9%), the Czech Republic 1.1 million (-3.4%), Slovakia 1.0 million (+2.7%), France 0.9 million (-1.8%), Italy, Romania and Hungary 0.4 million (-7.9%, -4.0% and -3.0% respectively) compared with the previous year.

In the same period, exports of vehicles from the European Union grew by +3.6% in value, as did imports, which grew in value by +2.3%.

In 2021, the market share of traditional combustion vehicles stood at 59.6% (having been 75.5% the previous year) of the EU market (40.0% petrol and 19.6% diesel), while hybrid vehicles (HEVs) reached 19.6% (11.9% the previous year) and rechargeable electric vehicles (ECVs) accounted for 18.0% (10.5% the previous year) of registrations, with a 9.1% share going to pure electric vehicles (BEV) and 8.9% to plug-in hybrids (PHEV).

The motorcycle market, which is the other sector that the Group operates in after the acquisition of Adler S.p.A. and Grimeca S.r.l., posted registrations up by +7.8% in 2021 in the main European markets with respect to the previous year, with very different trends from country to country: Italy up by +23.6%, France +8.5%, Spain +8% and Germany -9.7%. Sales exceeded 2019, demonstrating that the sector is in good health, benefiting from more recreational activity near to home and greater use of motorbikes as an alternative to public transport.

From an industrial point of view, the Group in general had to cope with erratic logistical planning on the part of customers as they tried to adapt to dysfunctions in the supply chains (especially in the availability of semiconductors). This meant having to face periods of total or partial suspension of production, with recourse to temporary lay-offs with State redundancy benefits.

In this extremely complex market situation, the Company and its subsidiaries still managed to achieve positive results.

Key events

As mentioned previously, the Company again suffered the effects of the pandemic during the year.

In any case, the preventive measures introduced, the instructions promptly adopted and the efforts made by the entire organisation to prevent infection within the Company, made it possible to contain cases of positivity to the virus, guaranteeing the safety of the workplace.

Among the most significant corporate events we would highlight that:

- on 26 May 2021, by deed of the Notary Agostini in Milan rep. no. 84786/17517, the Company recapitalised Endurance Adler SpA for an amount of Euro 2.0 million by means of a cash increase in capital of Euro 720,000 and a share premium of Euro 1,280,000. Following the waiver of the option right by the minority shareholder, the Company individually perfeormed the capital increase by subscribing all of the 720,000 new shares with a par value of 1 Euro each. As a result of the capital increase, the share held by the company in Endurance Adler Spa rose to 99.86%;
- on 12 November 2021 the Company acquired 100% of Veicoli Srl for Euro 700,000. Veicoli Srl is an innovative SME that operates in the provision of fleet and vehicle management services through a software platform, internally developed. This acquisition aims to broaden the range of products and services offered in the mobility sector as a provider of innovative solutions. The skills and knowledge of the company's development team will also be made available to the current business for the development of projects in various areas.
- on 14 December 2021, by deed of Notary Agostini in Milan rep. no. 85544/17959, the Company recapitalised the newly acquired Veicoli Srl through a cash injection of Euro 1.8 million: Euro 499,529.41 as share capital and Euro 1,300,470.59 as a capital reserve. On that date, new articles of association were adopted which provided, among other things, for the relocation of the registered office to via Arsenale 33, Turin and a change in the year-end to 31 March

in line with the other companies of the Group. The purpose of the cash injection is to provide the subsidiary with resources it needs to carry out its expansion and development plans.

- On 28 March 2022, with endorsement authenticated by Notary Agostini in Milan, the company purchased the remaining 1,200 shares (0.14% of the share capital) of Endurance Adler Spa for Euro 6,000 from the minority shareholder Amfin Holding Spa.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October 2016.

These management control and coordination activities did not have any particular impact on the Company's activities and its results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities and for which there is a need to justify the reasons for them and the interests that impacted on them.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	FY 2022	%	FY 2021	%	Change	% Change
WORKING CAPITAL	**22,332,476**	**22.72 %**	**33,640,211**	**32.41 %**	**(11,307,735)**	**(33.61) %**
Immediate liquidity	**13,482,720**	**13.72 %**	**22,898,440**	**22.06 %**	**(9,415,720)**	**(41.12) %**
Cash and cash equivalents	13,482,720	13.72 %	22,898,440	22.06 %	(9,415,720)	(41.12) %
Deferred liquidity	**8,849,756**	**9.00 %**	**10,741,771**	**10.35 %**	**(1,892,015)**	**(17.61) %**
Current receivables included in working capital	4,300,362	4.38 %	4,227,821	4.07 %	72,541	1.72 %
Current portion of non-current receivables	-	-	2,000,000	1.93 %	(2,000,000)	(100.00) %
Financial assets	4,419,962	4.50 %	4,395,565	4.23 %	24,397	0.56 %
Prepaid expenses and accrued income	129,432	0.13 %	118,385	0.11 %	11,047	9.33 %
FIXED ASSETS	**75,955,429**	**77.28%**	**70,156,595**	**67.59%**	**5,798,834**	**8.27%**
Intangible assets	4,120,636	4.19 %	3,125,091	3.01 %	995,545	31.86 %
Tangible fixed assets	13,718,147	13.96 %	14,570,852	14.04 %	(852,705)	(5.85) %
Financial fixed assets	55,349,281	56.31 %	50,812,426	48.95 %	4,536,855	8.93 %
Non-current portion of receivables included in w.capital	2,767,365	2.82 %	1,648,226	1.59 %	1,119,139	67.90 %
CAPITAL EMPLOYED	**98,287,905**	**100.00%**	**103,796,806**	**100.00%**	**(5,508,901)**	**(5.31)%**

Balance Sheet - Liabilities and Quotaholders' Equity

Item	FY 2022	%	FY 2021	%	Change	% Change
LIABILITIES	**50,790,282**	**51.68%**	**57,658,973**	**55.55%**	**(6,868,691)**	**(11.91) %**
Current liabilities	**48,674,279**	**49.52%**	**50,275,427**	**48.44%**	**(1,601,148)**	**(3.18) %**
Current payables	48,616,980	49.46%	50,195,961	48.36%	(1,578,981)	(3.15) %

Item	FY 2022	%	FY 2021	%	Change	% Change
Accrued expenses and deferred income	57,299	0.06%	79,466	0.08%	(22,167)	(27.89) %
Non-current liabilities	**2,116,003**	**2.15%**	**7,383,546**	**7.11%**	**(5,267,543)**	**(71.80) %**
Non-current payables	639,000	0.65%	5,763,764	5.55%	(5,124,764)	(88.91) %
Provisions for risks and charges	1,450,336	1.48%	1,603,267	1.54%	(152,931)	(9.54) %
Employee termination indemnities	26,667	0.03%	16,515	0.02%	10,152	61.47 %
EQUITY	**47,497,623**	**48.32%**	**46,137,833**	**44.45%**	**1,359,790**	**2.95%**
Quota capital	16,105,263	16.39%	16,105,263	15.52%	-	0.00 %
Reserves	7,241,979	7.37%	6,772,254	6.52%	469,725	6.94 %
Retained earnings (accumulated losses)	22,786,577	23.18%	13,785,546	13.28%	9,001,031	65.29 %
Net income (loss) for the year	1,363,804	1.39%	9,474,770	9.13%	(8,110,966)	(85.61) %
FINANCING SOURCES	**98,287,905**	**100.00%**	**103,796,806**	**100.00%**	**(5,508,901)**	**(5.31) %**

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
Fixed asset coverage	64.94%	65.44%	(0.76%)
Banks/Working capital	20.52%	32.36%	(36.59%)
Debt ratio	1.07	1.25	(14.40%)
Financial debt ratio	0.93	1.13	(17.70%)
Equity/Capital employed	48.32%	44.45%	8.72%
Financial charges/Turnover	1.82%	2.63%	(30.80%)
Current ratio	45.88%	66.91%	(31.43%)
Fixed assets/Equity	(25,690,441.32)	(22,370,536.00)	14.84%
Primary coverage ratio	0.65	0.67	(2.99%)
(Equity + non-current liabilities) - Fixed assets	(23,574,438.00)	(14,986,990.00)	57.30%
Secondary coverage ratio	0.68	0.78	(12.82%)
Net working capital	(26,341,803.00)	(16,635,216.00)	58.35%
Acid test margin	(26,341,803.00)	(16,635,216.00)	58.35%
Acid test ratio	45.88%	66.91%	(31.43%)

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Item	FY 2022	%	FY 2021	%	Change	% Change
VALUE OF PRODUCTION	**10,302,640**	**100.00%**	**8,812,533**	**100.00%**	**1,490,107**	**16.91%**
- Consumption of raw materials	40,715	0.40%	29,552	0.34%	11,163	37.78%
- General expenses	1,014,055	9.84%	916,042	10.39%	98,013	10.70%
VALUE ADDED	**9,247,870**	**89.76%**	**7,866,939**	**89.27%**	**1,380,931**	**17.55%**
- Payroll costs	5,121,104	49.71%	5,132,514	58.24%	(11,410)	(0.22%)
- Provisions	-	-	-	-	-	-
GROSS OPERATING MARGIN	**4,126,765**	**40.06%**	**2,734,425**	**31.03%**	**1,392,340**	**50.92%**

- Depreciation, amortisation and writedowns	2,108,260	20.46%	1,552,596	17.62%	555,664	35.79%
- Other operating expenses	260,434	2.53%	255,003	2.89%	5,431	2.13%
INCOME BEFORE FINANCIAL ITEMS	**1,758,071**	**17.06%**	**926,826**	**10.52%**	**831,245**	**89.69%**
+ Financial items	42,099	0.41%	6,674,853	75.74%	(6,632,754)	(99.37%)
INCOME BEFORE TAX	**1,800,170**	**17.47%**	**7,601,679**	**86.26%**	**(5,801,509)**	**(76.32%)**
- Taxation	436,366	4.24%	(1,873,091)	(21.25%)	2,309,457	(123.30%)
NET INCOME	**1,363,804**	**13.24%**	**9,474,770**	**107.51%**	**(8,110,966)**	**(85.61%)**
EBITDA	**3,866,332**	**37.53%**	**2,479,422**	**28.14%**	**(32,582)**	**(1.30%)**

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2021-22	FY 2020-21	% Change
R.O.E.	2.87%	20.54%	(86.02%)
R.O.I.	5.06%	3.13%	61.60%
R.O.S.	17.06%	10.52%	62.25%
R.O.A.	1.79%	0.89%	100.32%

Information required by art. 2428 of the Civil Code

The detailed information specifically required by art. 2428 of the Italian Civil Code is presented below.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of Art. 2428 of the Italian Civil Code, the following is a description of the main risks and uncertainties that the Company is exposed to, taking into account its nature as a provider of services and investment holding company that operates in the automotive sector:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and therefore the Company's sales performance as well. There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Furthermore, the tightening of international sanctions is affecting uncertainties about the trend in prices of energy commodities, basic materials (metals in particular) and agricultural products with repercussions on consumer prices and the growth prospects for the Euro area. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company and its subsidiaries operate, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Group has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Group will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. Failure to develop products and meet needs in terms of price, quality and the functionality imposed by end customers could adversely impact the prospects for the Group's operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risk in relation to normal commercial transactions with customers of subsidiaries;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Given the main industrial activity of its subsidiaries - the production of components for car makers - the receivables of the Company are structurally concentrated, as the customers of the Group comprise a limited number of industrial groups.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company could have recourse to financial resources made available by the banking sector in the form of debt and use the funds to finance operations as well as investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
Lastly, where considered appropriate, the Company could make use of rate derivatives (interest rate swaps) with the aim of hedging such risks.

Risks relating to changes in exchange rates
The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428, para. 2 of the Italian Civil Code, we can confirm that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment

In the context of specific policies adopted by Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

General training on the environment and safety has been provided, as well as specific job-related safety sessions for employees and managers;

Considering the current and ongoing Covid-19 healthcare crises and in compliance with the decisions made by the Endurance Group and the authorities, the Company continues to adopt and implement the following measures:

- compliance with the Protocol for tackling and containing the spread of the Covid-19 virus in working environments and for governing activities and ensuring the protection of employees and third parties, in accordance with the instructions issued by the authorities.
- supply to personnel of certified surgical masks, disinfectant solutions and materials for the cleaning and sanification of their working environments, as well as the maintenance of social distancing.
- to the extent feasible, the Company has extended to all job descriptions the ability to make recourse to smart working, giving preference to this approach over attendance in the workplace.

The Company did not resort to the use of social safety nets, such as the Covid redundancy fund introduced by the Italian government to cope with production stoppages and the lower level of activity resulting from the pandemic; untaken holidays were used up instead.

Information on personnel management

The workforce amounted to 13 employees at the end of the year.

During the year, the main training activities involved specialisation courses for Supervisory Managers pursuant to Legislative Decree 231/01 and training courses for sustainability reporting and refresher courses for the various professional roles.

Research and development activities

Pursuant to paragraph 3.1 of Art. 2428 of the Italian Civil Code, it is hereby confirmed that no research and development activities were performed in the year.

Transactions with subsidiaries, associated companies and parent companies and companies subject to control by parent companies

The Company has had dealings with other Group companies as referred to in paragraph 3.2 of art. 2428 of the Italian Civil Code. In particular:

Receivables from affiliates classified as fixed assets

Description	FY 2022	FY 2021	Change
to subsidiaries	3,000,000	5,000,000	(2,000,000)
Total	*3,000,000*	*5,000,000*	*(2,000,000)*

The item in question concerns the interest-bearing loans granted during the year to the newly acquired subsidiary Endurance Adler S.p.a. to allow it to carry out the reorganisation and relaunch process; this also involved the acquisition of Grimeca S.r.l. in May 2020 from TMB S.p.a., together with brands and know-how in the field of motorcycle braking systems. The reduction of Euro 2 million corresponds to the amount that was converted into quota capital at the extraordinary meeting held at the end of May 2021, commented on in the section on significant events.

Receivables from affiliates recorded under current assets

Description	FY 2022	FY 2021	Change
from subsidiaries	831,963	976,386	(144,423)
from parent companies	300,645	-	300,645
from fellow subsidiaries	279,263	349,379	(70,116)
Total	*1,411,871*	*1,325,765*	*86,106*

Receivables due from subsidiaries: € 831,693 in trade receivables deriving from the operational and financial services provided by the Company as part of the management of the Group.

Receivables from parent companies: € 300,645 for trade receivables due from the parent company Endurance Technologies Ltd in relation to the sub-licensing of the patents and know-how acquired from Endurance Adler SpA for the production of clutches and braking systems for motorcycles.

The amount receivable from fellow subsidiaries: € 279,263 relates to the support activities provided to Endurance GmbH, the German affiliate.

Payables due to and loans from affiliates

Description	FY 2022	FY 2021	Change
payables due to subsidiaries	34,127,865	34,426,444	(298,579)
payables due to fellow subsidiaries	4,871,574	7,007,121	(2,135,547)
Total	*38,999,439*	*41,433,565*	*(2,434,126)*

Due to subsidiaries within one year: € 34,127,865, made up of:

- € 3,000,000 for the loan received from Endurance S.p.A.;
- € 26,283,013 for the amount due to the cash pooling system, of which
    - € 15,029,856 is due to Endurance S.p.A.
    - € 7,514,302 due to Endurance Castings S.p.A.
    - € 1,819,524 due to Veicoli Srl.
    - € 989,446 due to Endurance Engineering Srl
    - € 929,885 due to Endurance Adler S.p.A.
- € 4,131,405 for amounts due to subsidiaries as part of the tax consolidation
- residual amount of trade payables of € 74,447;

Due to subsidiaries beyond one year: € 639,000 for guarantee deposits received from Endurance S.p.A. for outstanding rental contracts

Due to fellow subsidiaries for € 4,871,574, being amounts due to Endurance GmbH, namely:

- € 3,000,000 for a loan received
- € 1,868,452 due for the cash pooling arrangement
- € 3,122 of trade payables

Treasury shares

Pursuant to arts. 2435-bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The problems and uncertainties that characterised this last year are not likely to disappear any time soon. The International Monetary Fund recently issued forecasts that, despite the multiple risk factors existing on the international scene and even though they are lower than expected in January, see global GDP growth for 2022 of +3.6%, with +3.7% for the USA, +2.8% for the Euro Area (+2.3% for Italy and +2.1% for Germany) and +3.8% for emerging economies (+4.4% for China and +8.2% for India).

In early February 2022, before the conflict in Ukraine began, ACEA (the European Automobile Manufacturers' Association) forecast an increase in registrations in the European Union of 7.9% for the year, mainly thanks to more stable supplies of semiconductor. No updated forecasts have been made subsequently, but the expectation is for a decidedly less favourable trend, as demonstrated by the preliminary figures for registrations in the month of April which show a contraction compared with the previous year of more than 20% for the most of the main European markets.

The result was also affected by temporary factors, such as the production stoppages suffered by manufacturers due to the absence of components from Ukraine, but it is a consolidated fact that waiting times for the delivery of vehicles to end customers are much longer than they were for many types of vehicles.

Temporary factors aside, which should hopefully be resolved quickly, there are still unknowns that are more difficult to resolve quickly because they are the result of geopolitical situations that seem definitively compromised. The sanctions and the progressive embargo already implemented or planned for supplies from Russia, for energy in particular, but also for basic materials and foodstuffs, will entail extra costs in procurement destined to weigh on the purchasing power of consumers and businesses with significant impacts in terms of inflation. This will also lead to an increase in interest rates, which have already risen significantly in recent months, and this will further reduce the share of those willing to take on debt to finance their propensity to consume.

Even the possibility that the emergence of new variants of Covid may induce some countries to carry on with periods of lockdown, could continue to cause disruptions in procurement and supply chains.

At the moment there is a lot of uncertainty because the outcomes and consequences that the various crisis scenarios will have on the fate of the world economy, and therefore on the repercussions for the Automotive sector, are not yet clear.

We are well aware of the complex context in which we will have to operate, so various activities have been planned to mitigate some of the adverse effects. It is important that the national and European authorities continue to support the economy, as shown by the latest measures that they have adopted. They need to address situations of general difficulty, those of a macroeconomic nature, which afflict Continental Europe in particular.

The financial resources that we have available will be sufficient to cover our commitments, certainly for the next 12 months, allowing the company to take advantage of any opportunities in terms of acquisitions, also in alternative sectors to our current lines of business. In the absence of further major external shocks, we believe that we can achieve positive results in the next financial year.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant to paragraph 3.6-bis of art. 2428 of the Italian Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risk on medium-term loans by arranging two IRS contracts for some of these loans. The fair value of these hedging instruments is disclosed in the explanatory notes.

Secondary locations

In accordance with art. 2428 of the Italian Civil Code, details are provided below of the secondary locations used by the Company:

Address	Location
VIA REGIONE POZZO 26	CHIVASSO
VIA ARSENALE 33	Turin

Conclusion

Quotaholders,

In light of the considerations set out above and of the disclosures made in the explanatory notes, we invite you:

- to approve the financial statements at 31/03/2022 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Lombardore, 16/05/2022

For the Board of Directors

The Managing Director

Massimo Venuti

General information on the company

Company data

Name:	ENDURANCE OVERSEAS SRL
Registered office:	VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Quota capital:	16,105,263.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	05754620960
Tax code:	05754620960
REA Number:	1101893
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	642000
Company in liquidation:	no
Company with sole quotaholder:	no
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE TECHNOLOGIES LIMITED
Country of the parent company:	INDIA
Cooperatives register number:	

Financial statements for the year ended 31/03/2022

Balance sheet

	31/03/2022	31/03/2021
Assets		
B) Fixed assets		
I - Intangible assets	-	-
3) industrial patent rights and intellectual property rights	-	2,326
4) concessions, licences, trademarks and similar rights	3,467,500	2,380,000
5) goodwill	653,136	742,765
Total intangible assets	*4,120,636*	*3,125,091*
II - Tangible fixed assets	-	-

	31/03/2022	31/03/2021
1) land and buildings	13,501,991	14,295,102
2) plant and machinery	201,222	251,580
3) industrial and commercial equipment	1,117	1,627
4) other assets	13,817	22,543
Total tangible fixed assets	*13,718,147*	*14,570,852*
III - Financial fixed assets	-	-
1) equity investments in	-	-
a) subsidiaries	52,349,281	47,812,426
Total equity investments	*52,349,281*	*47,812,426*
2) receivables	-	-
a) from subsidiaries	3,000,000	5,000,000
due within one year	-	2,000,000
due beyond one year	3,000,000	3,000,000
Total receivables	*3,000,000*	*5,000,000*
Total financial fixed assets	*55,349,281*	*52,812,426*
Total fixed assets (B)	*73,188,064*	*70,508,369*
C) Current assets		
II - Receivables	-	-
1) from customers	4,332	2,025
due within one year	4,332	2,025
2) from subsidiaries	831,963	976,386
due within one year	831,963	976,386
4) from parent companies	300,645	-
due within one year	300,645	-
5) fellow subsidiaries	279,263	349,379
due within one year	279,263	349,379
5-bis) tax receivables	2,864,269	2,870,201
due within one year	2,864,269	2,870,201
5-ter) deferred tax assets	2,738,795	1,619,656
5-quater) from others	48,460	58,400
due within one year	19,890	29,830
due beyond one year	28,570	28,570
Total receivables	*7,067,727*	*5,876,047*
III - Current financial assets	-	-
6) other securities	4,419,962	4,395,565
Total current financial assets	*4,419,962*	*4,395,565*
IV - Cash and cash equivalents	-	-

	31/03/2022	31/03/2021
1) bank and postal deposits	13,482,508	22,898,083
3) cash on hand	212	357
Total cash and cash equivalents	*13,482,720*	*22,898,440*
Total current assets (C)	*24,970,409*	*33,170,052*
D) Accrued income and prepaid expenses	**129,432**	**118,385**
Total assets	*98,287,905*	*103,796,806*
Liabilities and quotaholders' equity		
A) Quotaholders' equity	**47,497,623**	**46,137,833**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
IV - Legal reserve	1,377,259	903,520
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	5,563,997	5,563,997
Total other reserves	*5,563,997*	*5,563,997*
VII - Cash flow hedging reserve	(4,014)	-
VIII - Retained earnings (accumulated losses)	22,786,577	13,785,546
IX - Net income (loss) for the year	1,363,804	9,474,770
Total quotaholders' equity	47,497,623	46,137,833
B) Provision for risks and charges		
2) for current and deferred taxation	1,445,054	1,567,864
3) derivative financial instruments	5,282	35,403
Total provisions for risks and charges	*1,450,336*	*1,603,267*
C) Employee termination indemnities	**26,667**	**16,515**
D) Payables		
4) due to banks	5,124,764	10,734,910
due within one year	5,124,764	5,610,146
due beyond one year	-	5,124,764
7) trade payables	117,453	167,982
due within one year	117,453	167,982
9) due to subsidiaries	34,127,865	34,426,444
due within one year	33,488,865	33,787,444
due beyond one year	639,000	639,000
11-bis) due to fellow subsidiaries	4,871,574	7,007,121
due within one year	4,871,574	7,007,121
12) tax payables	738,620	149,052
due within one year	738,620	149,052
13) due to pension and social security institutions	548,700	437,269

	31/03/2022	31/03/2021
due within one year	548,700	437,269
14) other payables	3,727,004	3,036,947
due within one year	3,727,004	3,036,947
Total payables	*49,255,980*	*55,959,725*
E) Accrued expenses and deferred income	**57,299**	**79,466**
Total liabilities and quotaholders' equity	*98,287,905*	*103,796,806*

Income statement

	31/03/2022	31/03/2021
A) Value of production		
1) revenues from sales of goods and services	8,551,917	8,562,652
5) other income and revenues	-	-
operating grants	180,000	-
other	1,570,723	249,881
Total other income and revenues	*1,750,723*	*249,881*
Total value of production	*10,302,640*	*8,812,533*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	40,715	29,552
7) services	661,091	589,237
8) lease and rental charges	352,964	326,804
9) payroll	-	-
a) wages and salaries	4,320,152	4,612,472
b) social contributions	525,247	328,238
c) termination indemnities	269,635	180,004
e) other costs	6,070	11,800
Total payroll costs	*5,121,104*	*5,132,514*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	1,254,455	695,105
b) depreciation of tangible fixed assets	853,805	857,491
Total depreciation, amortisation and writedowns	*2,108,260*	*1,552,596*
14) other operating expenses	260,433	255,004
Total cost of production	*8,544,567*	*7,885,707*
Difference between production value and cost (A - B)	**1,758,073**	**926,826**
C) Financial income and charges		
15) income from equity investments	-	-

	31/03/2022	31/03/2021
from subsidiaries	-	7,000,000
Total income from equity investments	*-*	*7,000,000*
16) other financial income	-	-
d) income other than the above	-	-
from subsidiaries	18,382	22,520
other	119,744	304,172
Total income other than the above	*138,126*	*326,692*
Total other financial income	*138,126*	*326,692*
17) interest and other financial charges	-	-
to subsidiaries	58,560	61,221
to fellow subsidiaries	13,560	16,223
other	83,709	148,036
Total interest and other financial charges	*155,829*	*225,480*
17-bis) exchange gains and losses	-	(942)
Total financial income and charges (15+16-17+-17-bis)	*(17,703)*	*7,100,270*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
c) current financial assets excluding equity investments	24,397	-
d) of financial derivatives	35,403	34,777
Total revaluations	*59,800*	*34,777*
19) writedowns	-	-
c) current financial assets excluding equity investments	-	460,195
Total writedowns	*-*	*460,195*
Total adjustments to financial assets and liabilities (18-19)	*59,800*	*(425,418)*
Result before taxes (A-B+-C+-D)	**1,800,170**	**7,601,678**
20) Income taxes for the year, current and deferred		
current taxation	365,172	102,943
taxation relating to prior years	(791)	(309,484)
deferred taxation	(1,240,681)	(1,760,523)
income (charges) from tax consolidation/tax transparency	(1,312,666)	(93,972)
Total income taxes for the year, current and deferred	*436,366*	*(1,873,092)*
21) Net income (loss) for the year	**1,363,804**	**9,474,770**

Statement of cash flow (indirect method)

	Amount at 31/03/2022	Amount at 31/03/2021
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	1,363,804	9,474,770
Taxation	436,366	(1,873,092)
Interest expense/(interest income)	17,703	(100,271)
(Dividends)		(7,000,000)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*1,817,873*	*501,407*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	10,324	11,185
Depreciation and amortisation of fixed assets	2,108,260	1,552,596
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements		460,195
Other adjustments up or (down) for non-cash items	(4,014)	
Total adjustments for non-cash items that had no contra-entry in net working capital	*2,114,570*	*2,023,976*
2) Cash flow before changes in net working capital	*3,932,443*	*2,525,383*
Change in net working capital		
Decrease/(Increase) in trade receivables	(88,414)	718,372
Increase/(Decrease) in trade payables	(2,484,655)	9,090,167
Decrease/(Increase) in prepaid expenses and accrued income	(11,047)	(5,472)
Increase/(Decrease) in accrued expenses and deferred income	(22,167)	60,218
Other decreases/(Other Increases) in net working capital	130,401	(4,884,208)
Total changes in net working capital	*(2,475,882)*	*4,979,077*
3) Cash flow after changes in net working capital	*1,456,561*	*7,504,460*
Other adjustments		
Interest collected/(paid)	(17,703)	100,271
(Income taxes paid)	(303,374)	(347,572)
Dividends received		7,000,000
(Use of provisions)	(153,103)	(204,966)
Total other adjustments	*(474,180)*	*6,547,733*
Cash flow from operating activities (A)	***982,381***	***14,052,193***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(1,100)	(11,039)
Intangible assets		
(Investments)	(2,250,000)	
Financial fixed assets		

	Amount at 31/03/2022	Amount at 31/03/2021
(Investments)	(2,536,855)	(8,575,868)
Cash flow from investing activities (B)	***(4,787,955)***	***(8,586,907)***
C) Cash flows from financing activities		
Third-party funds		
(Repayment of loans)	(5,610,146)	(5,896,622)
Cash flow from financing activities (C)	***(5,610,146)***	***(5,896,622)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(9,415,720)***	***(431,336)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	22,898,083	23,329,219
Cash on hand	357	557
Total cash and cash equivalents at the beginning of the year	22,898,440	23,329,776
Cash and cash equivalents at the end of the year		
Bank and postal deposits	13,482,508	22,898,083
Cash on hand	212	357
Total cash and cash equivalents at the end of the year	13,482,720	22,898,440

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Explanatory notes, first part

Quotaholders,

These explanatory notes are an integral part of the financial statements for the year ended 31 March 2022.

The financial statements submitted for your approval show net income of € 1,363,804, after current and deferred taxes and Income (charges) from tax consolidation of € 436,366 and depreciation and amortisation that show a cost of € 2,108,260.

Basis of preparation

Preparation of the financial statements

The financial statements for the year ended 31 March 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

However, the pandemic caused by the spread of the Covid-19 virus continued during the year and this continued to influence the economic trend worldwide, also affecting the activities of the Company and its subsidiaries. They were also affected by the slowdown in registrations of new vehicles, and therefore in demand for our goods and services, due to external events such as the difficulty of manufacturers in finding semiconductors and the increase in the cost of energy and raw materials.

Further aggravating the general picture were the serious repercussions that the conflict in Ukraine is causing at a macroeconomic level, starting in the latter part of the financial year, due to the continuing rise in energy and raw material prices. These are all indirect effects as the Company and the Group do not have direct relationships with customers and suppliers in the territories affected by the conflict, nor do they have any production facilities there.

To help businesses cope with the consequences of expensive energy, some temporary concessions have been introduced to mitigate the increase in costs through the recognition of tax credits of variable amounts depending on whether or not they belong to the categories of "energy-intensive" or "gas-intensive" companies.

Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Italian civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 of the Italian civil code and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Italian Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line. -

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis of the Italian civil code, other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have thus been prepared clearly and give a true and fair view of the company's financial position and results of operations.

Basis of preparation

Financial statement items are stated in accordance with the prudence and relevance concept and on a going concern basis.

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Italian Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to Art. 2423 ter of the Civil Code, it is hereby confirmed that all the financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis of the Italian Civil Code, items are recognised and presented having regard for the substance of the operations or contracts concerned.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Preparation of the financial statements

The balance sheet, income statement and the accounting disclosures contained in these explanatory notes agree to the books of account, from which they have been directly prepared.

The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Italian Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 of the Italian Civil Code and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

Pursuant to Art. 2424 of the Italian Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the Italian civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible assets	Amortisation period
Start-up and expansion costs	5 years on a straight line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Concessions, licences, trademarks and similar rights	5 years on a straight line basis
Goodwill	15 years on a straight line basis
Other intangible assets	5 years on a straight line basis

Start-up and expansion costs are recorded as a balance sheet asset, with the consent of the Board of Statutory Auditors, as they are prudently considered to be of future benefit; these costs are amortised over a period that does not exceed five years.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Goodwill, comprising the extra value recognised on the acquisition of businesses and in relation to other corporate transactions, is amortised over its useful life. Useful life is estimated at the time of initial recognition and is not changed in subsequent years. If this estimate cannot be made, goodwill is amortised over 10 years.

In order to determine the useful life of goodwill, the Company applies the information available in order to estimate the likely duration of its economic benefits. Should the useful life of goodwill be found to exceed 10 years, specific analyses are carried out to support the value determined with reference to the longer useful life, as required by OIC 24.70.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 of the Italian civil code.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Pursuant to art. 10 of Law 72 of 19 March 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the tangible assets recorded in the books have never been revalued.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Buildings	3%
Buildings – allocation of merger deficit (*)	6.67%
Plant and machinery	10%
Industrial and commercial equipment	15%
Light constructions	10%
Alarm systems	30%
Telephone	20%

Motor cars	25%

(*) depreciation based on the estimated residual useful lives, 15 years, of the assets that were allocated additional value following the merger (the effective date of which was 1 January 2015).

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments, securities and financial receivables (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term.

Equity investments are measured at cost, as adjusted for any impairment. The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to quotaholder's equity.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31 March 2022.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 of the Italian civil code. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in shareholders' equity (under the “Cash flow hedging reserve”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to quotaholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);

- in a specific equity reserve (caption AVII "Cash flow hedging reserve") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods). Revenues from services are recognised upon completion and/or when earned.

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services. Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Also for the year in question, the Company maintained the national tax consolidation regime pursuant to art. 117/129 of the Consolidated Income Tax Act (TUIR), involving Endurance SpA, Endurance Engineering Srl and, from 2021-22, Endurance Castings SpA and Endurance Adler SpA.

The Company is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Measurement of components denominated in foreign currency

As at the balance sheet date, the company does not have any assets or liabilities denominated in foreign currency.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards.

The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

After having charged amortisation for the year of € 1,254,455, the balance of intangible assets is € 4,120,636.

Movements in intangible assets

The table shows the movements in fixed assets during the year.

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year						
Cost	52,430	33,452	3,000,000	1,345,787	75,684	4,507,353
Amortisation (Accumulated amortisation)	52,430	31,126	620,000	603,022	75,684	1,382,262
Carrying amount	-	2,326	2,380,000	742,765	-	3,125,091

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Changes during the year						
Additions	-	-	2,250,000	-	-	2,250,000
Amortisation for the year	-	2,326	1,162,500	89,629	-	1,254,455
Total changes	-	*(2,326)*	*1,087,500*	*(89,629)*	-	*995,545*
Balance at the end of the year						
Cost	52,430	33,452	5,250,000	1,345,787	75,684	6,757,353
Amortisation (Accumulated amortisation)	52,430	33,452	1,782,500	692,651	75,684	2,636,717
Carrying amount	-	-	3,467,500	653,136	-	4,120,636

Industrial patent rights and intellectual property rights (fully amortised at 31 March 2022) relate to the licences for the management software used by the Company, which are amortised over 3 years.

Goodwill amounting to € 653,136 at 31 March 2022 (€ 742,765 at 31 March 2021) represents part of the difference that arose on the absorption of subsidiaries Haminoea S.r.l. and Lomec S.r.l. by the parent company Endurance Overseas S.r.l. (the "Merger") in 2014-2015, and represents the additional value associated with certain properties held under finance lease arrangements at the time when the merger deficit was being allocated.

In particular, this merger was carried out in order to simplify the chain of control over the subsidiaries and resulted in a combined merger deficit of € 6.3 million, being the difference between the book value of the quotas of the two merged subsidiaries and their net equity. This deficit was allocated as follows:

- € 5.0 million to increase the carrying amount of certain properties (based on expert appraisals of their market value determined by independent experts);
- € 2.5 million to increase the carrying amount of the investment in Endurance FOA S.P.A. (based on the forecast profitability of the acquired company);
- the recognition of € 1.3 million as goodwill, reflecting the additional value of certain properties held under finance lease arrangements (and therefore not reported in the balance sheet).

At the same time, on the liabilities side of the balance sheet, deferred tax liabilities of € 2.6 million were recognised on the additional value allocated to the properties concerned. Given that the additional values identified as a result of the merger are irrelevant for tax purposes, this being a tax neutral transaction under the current tax legislation, the gradual release to the income statement of these tax provisions will neutralise the additional tax charges made in the current and subsequent years due to the disallowance of the additional costs (depreciation) deriving from the increased carrying amount of the assets following the merger.

Goodwill is amortised over 15 years, being the estimated useful life of the assets acquired by the Company via the above-mentioned business combination.

Pursuant to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets recorded in the books have never been revalued.

It should be noted that, on the basis of the most recent prospective scenarios and also taking into account the current pandemic context, it was not necessary to make write-downs pursuant to art. 2426 paragraph 1. 3 of the Italian Civil Code, as required by OIC 9. The recoverability of the goodwill recognised in the balance sheet was confirmed by the five-year, economic-financial forecasts prepared by management, which show that the activities of the Group are expected to be profitable over that period. Applying the DCF method to the cash flows for each year, the enterprise value of the Company was determined as part of an impairment test that confirmed that the individual fair value of all assets, including goodwill in particular, exceeds their corresponding net carrying amounts.

The concessions, licences, trademarks and similar rights recognised in the financial statements at 31 March 2022 for € 3,467,500 (€ 2,380,000 at 31 March 2021), refer to the licence for the exclusive exploitation of patents, know-how, trademarks and other intellectual property rights for the design, manufacture and marketing of innovative clutches, brake discs and braking systems for the motorcycle market. This licence was acquired in two stages: the first part of know-how was purchased from Adler Spa before this company joined the Endurance Group, whereas the second part (shown as additions in the table above) was acquired in June 2021 and concerns patents and intellectual property rights, technology, know-how and the "G Grimeca" brand for the production and marketing of brake discs and braking systems.

Tangible fixed assets

Tangible fixed assets recorded in the financial statements at 31/03/2022 amounted to € 13,718,147, net of accumulated depreciation of € 7,817,147 and consist of:

- Land and buildings: € 13,501,991 (including the additional value allocated to the property of the Company at the time of the Merger);
- Plant and machinery: € 201,222;
- Industrial and commercial equipment: € 1,117;
- Other assets: € 13,817.

Movements in tangible fixed assets

The changes occurred during the 2021-2022 financial year are analysed below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at the beginning of the year					
Cost	20,547,507	789,939	10,226	186,522	21,534,194
Depreciation (Accumulated depreciation)	6,252,405	538,359	8,599	163,979	6,963,342
Carrying amount	14,295,102	251,580	1,627	22,543	14,570,852
Changes during the year					
Additions	-	-	-	1,100	1,100
Depreciation for the year	793,111	50,358	510	9,826	853,805
Total changes	*(793,111)*	*(50,358)*	*(510)*	*(8,726)*	*(852,705)*
Balance at the end of the year					
Cost	20,547,507	789,939	10,226	187,622	21,535,294
Depreciation (Accumulated depreciation)	7,045,516	588,717	9,109	173,805	7,817,147
Carrying amount	13,501,991	201,222	1,117	13,817	13,718,147

During the year, there were no significant investments in fixed assets used in the business.

With specific reference to the evidence for losses attributable to the healthcare emergency, the directors responded to a Group-level requirement by analysing carefully the cash flows forecast on the basis of current information, concluding that the value of tangible fixed assets at 31 March 2022 will be recoverable from future cash flows.

Finance leases

As at the balance sheet date the company is not party to any finance lease contracts.

Financial fixed assets

The item in question relates to the amount of the investments in subsidiaries held at the end of the financial year. The equity investments recorded in the financial statements are stated at cost, equal to the expense incurred for the purchase, regardless of the manner of payment, comprising any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.).

The following table provides details of equity investments in subsidiary companies as well as the additional disclosures required by Art 2427 of the Civil Code.

Name	City or Country	Share/quota capital	Result 2021/22 financial year	Net equity at 31/03/2022	Equity interest held (%)	Equity interest held (amount)	Carrying amount
ENDURANCE SPA	Chivasso (TO)	5,000,000	3,748,118	81,442,853	100.00%	81,442,853	34,054,358
ENDURANCE ENGINEERING SRL	Turin	100,000	668,537	5,986,508	100.00%	5,986,508	2,000,000
ENDURANCE CASTINGS SPA	Bione (BS)	900,000	1,409,309	12,186,467	100.00%	12,186,467	8,182,200
ENDURANCE ADLER SPA	Rovereto (TN)	840,000	167,869	2,501,287	100.00%	2,501,287	5,581,868
VEICOLI SRL	Turin	500,000	16,451	1,800,626	100.00%	1,800,626	2,530,855
Total							**52,349,281**

As explained in the report on operations, on 12 November 2021 the Company acquired 100% of Veicoli Srl, a company that operates in the development and implementation of applications for the management of corporate fleets (both passenger and commercial), with the possibility of the geolocation of vehicles. The investment of Euro 700,000 was followed by a subsequent recapitalisation of the company approved by the general meeting for a total of Euro 1.8 million, of which Euro 500 thousand as share capital and the rest as a reserve for future increases in share capital. With the entry of Veicoli Srl into the Endurance Group, the new subsidiary has aligned its year-end date to that of the other companies in the Group.

On 26 May 2021, by deed of the Notary Agostini in Milan rep. no. 84786/17517, the Company recapitalised Endurance Adler SpA by means of a cash increase in capital of Euro 720,000 and a share premium of Euro 1,280,000.

Again in relation to Endurance Adler SpA, the Company purchased the residual shares owned by Amfin Holding SpA, thus becoming the owner of 100% of the share capital of the subsidiary.

With the sole exception of the companies that have recently joined the Group (Endurance Adler Spa and Veicoli Srl), the book value of the investments in the subsidiaries is well below the corresponding share of equity held by virtue of the positive results achieved by them. The reorganisation and development plan currently being implemented at the recently acquired companies (Endurance Adler SpA and Veicoli Srl) should make it possible to achieve positive results and hence recover the differential between the companies's carrying value and their net equity.

The absence of any evidence of impairment is further confirmed by the five-year, economic-financial forecasts prepared by the management of each company, which indicate continued profitability over that period. The theoretical present value of the subsidiaries was calculated using the DCF method (impairment test). The outcome confirmed that the present value of each subsidiary is greater than the related carrying amount.

Changes in and maturity of non-current receivables

The following table shows the movements in financial fixed assets during the year.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Beyond one year
Receivables due from subsidiaries	5,000,000	(2,000,000)	3,000,000	3,000,000
Total	**5,000,000**	**(2,000,000)**	**3,000,000**	**3,000,000**

The item in question relates to interest-bearing loans granted during the previous year to the subsidiary Endurance Adler Spa to allow it to carry out the process of reorganisation and relaunch. The change during the year of € 2,000,000 is the portion of the receivable converted into capital.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Current receivables

These total € 7,067,727 at 31 March 2022, up by € 1,191,680 since 31 March 2021 (€ 5,876,047).

As detailed in the following table, the increase in current receivables is attributable to the increase in deferred tax assets recorded during the year, the origin of which is given in the specific section of the explanatory notes to which reference should be made for greater detail.

They are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	2,025	2,307	4,332	4,332	-
Receivables due from subsidiaries	976,386	(144,423)	831,963	831,963	-
Receivables due from parent companies	-	300,645	300,645	300,645	-
Receivables due from fellow subsidiaries	349,379	(70,116)	279,263	279,263	-
Tax receivables	2,870,201	(5,932)	2,864,269	2,864,269	-
Deferred tax assets	1,619,656	1,119,139	2,738,795	-	-
Other receivables	58,400	(9,940)	48,460	19,890	28,570
Total	**5,876,047**	**1,191,680**	**7,067,727**	**4,300,362**	**28,570**

Trade receivables: € 4,332 due from customers.

Receivables due from subsidiaries: € 831,693 in trade receivables deriving from the operational and financial services provided by the Company as part of the management of the Group.

Receivables from parent companies: € 300,645 for trade receivables due from the parent company Endurance Technologies Ltd in relation to the sub-licensing of the patents and know-how acquired from Endurance Adler SpA for the production of clutches and braking systems for motorcycles.

Receivables due from fellow subsidiaries: € 279,263 due from Endurance GmbH for support provided to this German subsidiary.

Tax receivables: The amount of € 2,864,269 refers for € 2,608,313 to the difference between the IRES charge for the year and the advances paid in the context of the domestic tax group pursuant to arts. 117/129 of the Consolidated Income Tax Act (T.U.I.R.) established with Endurance S.p.A., Endurance Engineering s.r.l., Endurance Castings S.p.A. and Endurance Adler S.p.A., for € 76,817 to recoverable VAT and € 179,139 and withholdings incurred from income generated abroad.

Deferred tax assets: € 2,738,795 is the effect due to the valuation of negative income components the deductibility of which is postponed to future years, whereas their recoverability is certain. For more details on this item, see the relevant section below.

Other receivables: € 48,460 miscellaneous receivables, of which € 28,570 due beyond one year in relation to guarantee deposits.

Breakdown of current receivables by geographical area

In terms of the geographical distribution of receivables, the above amounts are due to the Company by Italian counterparties, except as mentioned in relation to the amounts receivable from Endurance GmbH (€ 279,263) and Endurance Technologies Ltd (€ 300,645).

Current financial assets

Movements in current financial assets

The movements in current financial assets are analysed in the following table.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Other securities	4,395,565	24,397	4,419,962
Total	*4,395,565*	*24,397*	*4,419,962*

Other securities comprise short-term investments held by the Company in order to employ available liquidity: these are insurance policies (for a total of € 1,000,000) and US government bonds, T-Bonds at a nominal rate of 4.5% with maturity on 15/02/2036 (€ 3,419,962).

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	22,898,083	(9,415,575)	13,482,508
Cash on hand	357	(145)	212
Total	*22,898,440*	*(9,415,720)*	*13,482,720*

Cash and cash equivalents include own cash and the balance resulting from the cash pooling system. A receivable is recorded as a contra-entry in the event of a liability, or a payable in the case of an asset from the other participants to the cash pooling system (companies belonging to the Endurance Group).

Prepaid expenses and accrued income

The following table shows the changes in prepaid expenses and accrued income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Prepaid expenses	118,385	11,047	129,432
Total prepaid expenses and accrued income	**118,385**	**11,047**	**129,432**

Prepaid expenses (€ 129,432 at 31 March 2022) mainly include amounts paid in advance by way of insurance premiums and costs pertaining to subsequent years.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in equity items

The changes in the Company's equity items in the year prior to the year under review (as of 31/03/2021) are as follows:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	16,105,263	-	-	16,105,263
Share premium reserve	304,737	-	-	304,737
Legal reserve	718,650	184,870	-	903,520
Extraordinary reserve	5,563,997	-	-	5,563,997
Retained earnings (accumulated losses)	10,273,019	3,512,527	-	13,785,546
Net income (loss) for the year	3,697,397	(3,697,397)	9,474,770	9,474,770
Total	**36,663,063**	**-**	**9,474,770**	**46,137,833**

The changes in the Company's equity items in the year under review, ended as of 31/03/2022, are shown below:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Decreases	Result for the year	Balance at the end of the year
Capital	16,105,263	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	304,737
Legal reserve	903,520	473,739	-	-	1,377,259
Extraordinary reserve	5,563,997	-	-	-	5,563,997
Cash flow hedging reserve	-	-	4,014	-	(4,014)
Retained earnings (accumulated losses)	13,785,546	9,001,031	-	-	22,786,577
Net income (loss) for the year	9,474,770	(9,474,770)	-	1,363,804	1,363,804
Total	**46,137,833**	**-**	**4,014**	**1,363,804**	**47,497,623**

The Cash flow hedging reserve, which is not available for distribution and cannot be used to cover losses, includes the portion, recognised net of tax, of the effective portion of the changes in fair value recorded in derivative contracts (Interest Rate Swaps) in place with reference to the hedging of financial flows associated with planned transactions that are highly probable; in accordance with the applicable standards, at the time of recognition of the asset or liability involved in the highly probable transaction, the Company transfers the equivalent effective amount of the derivative instrument from the reserve, including it directly in the book value of the asset or liability, adjusting the income or cost of the underlying transaction in the income statement.

Availability and use of equity items

The following table provides details of the components of equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	16,105,263	Capital		-
Share premium reserve	304,737	Capital	A;B;C	304,737
Legal reserve	1,377,259	Revenue	B	-
Extraordinary reserve	5,563,997	Revenue	A;B;C	5,563,997
Cash flow hedging reserve	(4,014)	-	-	-
Retained earnings (accumulated losses)	22,786,577	Revenue	A;B;C	22,276,577
Total	**46,133,819**			**28,145,311**

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Amount not distributable				2,738,795
Residual amount distributable				25,406,516
Key: A: for increase in capital; B: to cover losses; C: for distribution to the quotaholders; D: for other statutory requirements; E: other				

Cash flow hedging reserve

Pursuant to art. 2427-bis, paragraph 1b-quater of the Italian Civil Code, the following table illustrates the fair value adjustments to reserves during the year.

	Balance at the beginning of the year	Change during the year - Decrease for change in fair value	Balance at the end of the year
Cash flow hedging reserve	-	4,014	(4,014)

The reserve in question represents the balance sheet effect, net of tax, of the fair value of the derivatives used to hedge risks of a financial nature, in particular IRS contracts to hedge the risks associated with the variability of interest rates on loans.

Provisions for risks and charges

The provisions for risks and charges, mainly related to deferred taxation, are recognised in the financial statements according to OIC 31 (a total of € 1,450,336 at 31 March 2022).

The amount comprises:

- € 1,445,054 of deferred tax liabilities at 31 March 2015 as part of the above merger. The change during the year (€ 122,810) reflects the release of the tax effect to match the depreciation of the additional amounts allocated to the assets of the Company at the time of the merger;
- € 5,282 of the derivative financial instruments represent the negative fair value of certain derivatives used by the Company, as required by OIC 32.

The following table shows the changes in provisions for risks and charges.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for current and deferred taxation	1,567,864	122,810	(122,810)	1,445,054
Derivative financial instruments	35,403	30,121	(30,121)	5,282
Total	**1,603,267**	**152,931**	**(152,931)**	**1,450,336**

Employee termination indemnities

Employee termination indemnities amount to € 26,667 at 31 March 2022 (€ 16,515 al 31 March 2021). The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	16,515	10,152	10,152	26,667
Total	**16,515**	**10,152**	**10,152**	**26,667**

The item includes the portion of cost present in the financial statements relating to the termination indemnity not allocated to the treasury account with INPS, Previndai and Fondo Cometa.

Payables

Payables total € 49,255,980 at 31 March 2022 (€ 55,959,725 at 31 March 2021).

Pursuant to art. 12, para. 2 of Legislative Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 January 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	10,734,910	(5,610,146)	5,124,764	5,124,764	-
Trade payables	167,982	(50,529)	117,453	117,453	-
Payables due to subsidiaries	34,426,444	(298,579)	34,127,865	33,488,865	639,000
Payables due to fellow subsidiaries	7,007,121	(2,135,547)	4,871,574	4,871,574	-
Taxation payable	149,052	589,568	738,620	738,620	-
Due to pension and social security institutions	437,269	111,431	548,700	548,700	-
Other payables	3,036,947	690,057	3,727,004	3,727,004	-
Total	**55,959,725**	**(6,703,745)**	**49,255,980**	**48,616,980**	**639,000**

They are detailed as follows:

- Due to banks within one year: € 5,124,764, relating to the current portion of loans arranged directly by the Company;
- Trade payables: € 117,453;
- Due to subsidiaries within one year, € 33,488,865, as analysed below:
    a. € 3,000,000 representing a loan from Endurance S.p.A. (classified as a current liability because the contractual conditions envisage repayment on demand);
    b. € 26,283,013 due in relation to the cash pooling arrangements, of which
        - € 15,029,856 due to Endurance S.p.A.
        - € 7,514,303 due to Endurance Castings S.p.A.
        - € 989,446 to Endurance Engineering S.r.l.
        - € 929,884 to Endurance Adler S.p.A.
        - € 1,819,524 to Veicoli S.r.l.
    c. the balance of € 4,205,852 to relationships connected to the tax consolidation for € 4,131,405 and relationships of a commercial nature for the rest (€ 74,447);
    d. Due to subsidiaries beyond one year: € 639,000, relating to deposits received from Endurance S.p.A. for outstanding rental contracts;
- Payables due to fellow subsidiaries: € 4,871,574 due to Endurance GmbH, a foreign affiliate, comprising € 1,868,452 due under the cash pooling arrangements, a loan of € 3,000,000 (classified as a current liability because the contractual conditions envisage repayment on demand) and trade payables of € 3,122;
- Tax payables: € 738,620 refer to withholdings on income from employee and self-employed work for € 588,205 and other tax payables for the difference;

- Due to pension institutions: € 548,700, mainly payable to INPS and Previndai;
- Other payables within one year: € 3,727,004, being the amounts due to employees for payroll and related accruals, as well as miscellaneous payables.

Bank debt has significantly decreased compared with the previous year, showing an overall reduction of € 5,610,146, corresponding to the amount of the loans repaid, not having taken on new finance during the year. It is worth mentioning that the Company did not take advantage of the moratoria or other bank debt facilitations envisaged as support measures for businesses to deal with the pandemic emergency that characterised the year.

It should be noted that, on newly signed contracts, application of the amortised cost method resulted in a reduction in the nominal amount of payables of € 1,597 (€ 8,227 at 31 March 2021).

The following is a breakdown of medium-term loans outstanding at 31 March 2022:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2022	Within one year	Beyond one year
UBI	2,500,000	27/03/2017 - 5	-	-	-
Unicredit	10,000,000	04/07/2017 - 5	1,250,000	1,250,000	-
UBI	3,000,000	19/07/2017 - 5	203,519	203,519	-
BNL	5,000,000	27/10/2017 - 5	750,000	750,000	-
UBI	3,000,000	19/02/2020 - 3	922,842	922,842	-
UBI	2,000,000	19/02/2020 - 3	2,000,000	2,000,000	-
Application of amort. cost method			(1,597)	(1,597)	-
Total	**28,500,000**		**5,124,764**	**5,124,764**	**-**

The contracts are settled with reference to 3-month Euribor and have been hedged against interest-rate risk by the arrangement of IRS contracts with a notional value of € 2,000,000 at 31 March 2022.

Breakdown of payables by geographical area

In terms of the geographical distribution of payables, the Company's counterparties are all Italian, except for the amounts due to Endurance GmbH (totalling € 4,871,574).

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from quotaholders

The Company has not received any loans from its quotaholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	79,466	(22,167)	57,299
Total accrued expenses and deferred income	**79,466**	**(22,167)**	**57,299**

The item in question relates for € 12,714 to accrued expenses calculated on interest and financial charges outstanding on loans, while the difference is due to other charges pertaining to the year, which will arise in future years.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The property and equity investment management activities of the Company generate revenues principally from the rental of property, the management and coordination services provided to Group companies and the recharge to subsidiaries and affiliates of the cost of the executives employed by the Company.

As regards the operating grants included in item A5, other revenues and income, they refer to the so-called "Super ACE" tax credit.

Analysis of revenues from sales and services by category of activity

The following table analyses the operating costs incurred during the 2020/2021 financial year on a comparative basis:

Description	Year 2021-22	Year 2020-21	Change
Revenues from sales of goods and services	8,551,917	8,562,652	(10,735)
Other income and revenues	1,750,723	249,881	1,500,842
Total	**10,302,640**	**8,812,533**	**1,490,107**

Revenues from sales of goods and services include rental income (€ 2,575,517) and income for services provided under the service agreement and other services with the subsidiaries and affiliates (€ 5,976,400).

Other revenues and income include the portion for the year, € 1,350,000, of income deriving from the sub-licensing agreement of patents, trademarks, know-how and other intellectual property rights signed with the parent company Endurance Technologies Ltd, the recharging of costs of seconded personnel, and ancillary charges towards the affiliate and other revenues and income for the remainder. As regards the operating grants included in item A5, other revenues and income, they refer for € 180,000 to the so-called "Super ACE" tax credit.

Cost of production

The following table analyses the operating costs incurred during the 2021-2022 financial year on a comparative basis:

Description	Year 2021-22	Year 2020-21	Change
Cost of raw and ancillary materials, consumables and goods for resale	40,715	29,552	11,163
Cost of services	661,091	589,237	71,854
Lease and rental charges	352,964	326,804	26,160
Payroll costs			
- Wages and salaries	4,320,152	4,612,472	(292,320)

- Social contributions	525,247	328,238	197,009
- Employee termination indemnities and other costs	269,635	180,004	89,631
- other costs	6,070	11,800	(5,370)
Amortisation of intangible assets	1,254,455	695,105	559,350
Depreciation of tangible fixed assets	853,805	857,491	(3,686)
Other operating expenses	260,433	255,004	5,429
Total	**8,544,567**	**7,885,707**	**658,860**

Production costs increased slightly by 11.7% overall compared with the previous year.

Payroll costs comprise the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements, cost for external collaborators, variable remuneration components, incentives to leave the company, as well as charges deriving from the management retention plan in favour of corporate management, which depends on the economic-financial results achieved in Europe and the continued employment of the personnel concerned for a minimum pre-determined period.

The increase in costs is mainly attributable to the increase in the amortisation of intangible assets following the recent acquisitions of patents and licences.

Financial income and charges

Financial income for 2021-22 (€ 138,126) refers to accrued interest and capital gains realised on financial securities (government securities and insurance products) held during the year and loans granted to Group companies. Financial charges (€ 155,829) mainly relate to the interest incurred on the intercompany loan (€ 72,119) and on the loans from banks (€ 83,710).

Adjustments to financial assets and liabilities

The write-down, equal to € 24,397, of the securities entered in current assets not constituting fixed assets reflects the higher market value of the securities recorded at the end of the year. This revaluation refers to US government bonds, T-Bonds with a nominal rate of 4.5% maturing on 15.02.2036.

The revaluation of derivative instruments by € 35,403 reflects the mark-to-market adjustment recorded at the reporting date.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues or other positive components deriving from exceptional events were recorded.

During the current year, no costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2021-22	Year 2020-21
Income taxes	**436,366**	**(1,873,092)**
Current taxation		
of which: IRES for the year (current)	-	-

of which: IRAP for the year (current)	365,172	102,943
of which: Taxation relating to prior years	(791)	(309,484)
Consolidation charges	1,312,666	93,972
Net change in deferred taxation	(1,240,681)	(1,760,523)

They are detailed in the following tables:

- a description of the temporary differences that have given rise to the recognition of deferred tax liabilities and assets, with details of the rate applied,changes in the year and the amounts credited or debited to the income statement or to quotaholders' equity;
- the amount of deferred tax assets recognised relating to losses for the year or prior years and the reasons for their recognition; the amount not yet recognised and the reasons for the non-recognition;
- items excluded from the computation and the reasons for their exclusion.

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	73,846	-
Total taxable temporary differences	4,489,629	4,605,783
Net temporary differences	4,415,783	4,605,783
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(270,956)	219,164
Deferred tax liability (assets) of the year	(1,059,788)	(180,893)
Provision for deferred tax liability (assets) at the end of the year	(1,330,744)	38,271

Deferred tax assets and liabilities have been determined using the rates likely to be in force during the years when the temporary differences are expected to reverse.

The current rates have been used with specific regard to deferred tax assets, being IRES 24% and IRAP 5.57%.

The rates applied when the provisions were made have been used with regard to the release of deferred tax liabilities (IRAP rate 3.9%).

The balance of deferred tax assets shown in the table is the net of provisions for the year less the deferred tax assets recognised in previous years and reversed during the period.

Specifically, there was a simultaneous reversal of deferred tax assets and liabilities.

The changes in deferred tax assets are summarised in the following table:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Deferred tax assets	1,619,656	1,136,862	17,723	1,119,139	2,738,795
Total	**1,619,656**	**1,136,862**	**17,723**	**1,119,139**	**2,738,795**

The provisions mainly refer to deferred tax assets calculated on the temporary difference generated by the way that the sub-licensing of patents and know-how is taxed.

The utilisations mainly concern the temporary differences that became effective during the year under review.

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages:

Average number of employees broken down by category

	Executives	White collar	Total employees
Average number	9	4	13

The workforce at 31 March 2022 (consisting solely of Company employees) comprises 13 persons.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 of the Italian civil code, with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	40,000	48,880

Fees of the independent auditor or firm of auditors

During the year, the following amounts (comprising fees and expenses) were paid to the independent auditors (Deloitte & Touche S.p.A):

- € 50,925 for the independent audit of the accounts, comprising the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries, as well as for checking the Group Reporting Package, prepared from the consolidated financial statements and submitted for the purpose of consolidating the Endurance Technologies Group;
- € 1,050 for the audit work performed in order to sign the tax declarations;
- € 4,900 for services provided by other members of the same network as the independent auditors.

Categories of shares issued by the Company

This section of the explanatory notes is not relevant, since the Company's capital does not consist of shares.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

Transactions were carried out with related parties during the year; these transactions were entered into on an arm's length basis and, accordingly, in accordance with current legislation, no additional disclosure has been provided.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 of the Italian civil code, it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

In the first few months of the subsequent year, despite the persistence of the Covid-19 pandemic, the Company did not suffer any impacts of an exceptional nature and continued its activity in compliance with the regulations then in force to contain infection and the spread of the virus.

It has to be said that the conflict in Ukraine constitutes a strong element of uncertainty as it is impossible to foresee the outcomes and consequences of this crisis on the fate of the world economy and on the Automotive industry. At present, taking into account the actions that have been taken, we believe that the effects of the conflict, despite being heavily penalising (especially because of the hike in the prices of energy commodities and raw materials), will not be such as to jeopardise the Company's and the Group's business continuity, also because they do not have direct relationships with customers and suppliers in the countries affected by the conflict.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the company that prepares consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	n/a
Town (if in Italy) or foreign State	Aurangabad (India)	n/a
Tax code (Italian companies)	-	n/a
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) - India Stock Exchange: NSE and BSE	n/a

(*) Endurance Technologies Limited, parent company, is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amounts in Euro), grouped by counterparty:

Type of contract	Number of contracts	Original notional value	Notional at 31/03/2022	Fair value at 31/03/2022
Interest rate Swap	2	15,000,000	2,000,000	(5,282)
TOTAL	**2**	15,000,000	**2,000,000**	**(5,282)**

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2021 was 86,099 (82.8985 on 31 March 2020) - (source Thomson Reuters/RBI):

Balance sheet	At 31/03/2021	At 31/03/2020
Assets		
Non-current assets		
Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Assets held for sale	-	-
Total Assets	**34,376.47**	**29,828.67**

Balance sheet	At 31/03/2021	At 31/03/2020
Liabilities and shareholders' equity		
Shareholders' equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84
Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and shareholders' equity	**34,376.47**	**29,828.67**

Income Statement	At 31/03/2021	At 31/03/2020
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	-
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

The following section describes relations with the company that provides management control and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

Although the following assistance is not thought to fall within the scope of application of the law, it is confirmed that the following cash flows were received during the year:

- € 180,000 deriving from the transformation into a tax credit accrued for the so-called "super ACE" pursuant to art. 19 of Decree Law 73 of 25 May 2021, converted, with modifications, by Law 106 of 23 July 2021.

Proposed allocation of profits or coverage of losses

Quotaholders, in light of the above, the Board of Directors would like to propose allocating the net income for the year of € 1,363,804 as follows:

- € 68,190 to the legal reserve;
- € 1,295,614 to retained earnings.

Explanatory notes, closing section

Quotaholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31/03/2022, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the books of account.

Lombardore, 16/05/2022

For the Board of Directors

The Managing Director

Massimo Venuti

ENDURANCE OVERSEAS S.r.l.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Tax Code and Turin Companies
Register No. 05754620960
Turin Chamber of Commerce No. 1101893
Quota capital: € 16,105,263.00 subscribed and fully paid
VAT Number: 05754620960
Sole quotaholder company
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Financial statements at 31/03/2022

To the Quotaholders,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the independent audit was assigned to Deloitte & Touche S.p.a. by the Quotaholders' Meeting of 30/06/2020. Accordingly, this report only explains the supervisory work that we performed in accordance with the law.

Report to the Shareholder's Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended 31/03/2022, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2022

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended Quotaholders' Meetings and Board Meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the independent auditors and, with reference to those meetings, no significant information or data emerged that should be disclosed in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the year, we did not issue any opinions required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code;

In any case, we are at your complete disposal to examine any other aspects during the Quotaholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Supervisory activities pursuant to art. 2403 onwards of the Italian Civil Code

The draft financial statements for the year ended 31/03/2022, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- balance sheet
- income statement
- statement of cash flows
- explanatory notes

The result for the year is net income of € 1,363,804, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022	FY 2021	Difference
FIXED ASSETS	73,188,064	70,508,369	2,679,695
CURRENT ASSETS	24,970,409	33,170,052	(8,199,643)
PREPAID EXPENSES AND ACCRUED INCOME	129,432	118,385	11,047
TOTAL ASSETS	98,287,905	103,796,806	(5,508,901)

Description	FY 2022	FY 2021	Difference
QUOTAHOLDERS' EQUITY	47,497,623	46,137,833	1,359,790
PROVISION FOR RISKS AND CHARGES	1,450,336	1,603,267	(152,931)
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	26,667	16,515	10,152
PAYABLES	49,255,980	55,959,725	(6,703,745)
ACCRUED EXPENSES AND DEFERRED INCOME	57,299	79,466	(22,167)
TOTAL LIABILITIES AND QUOTAHOLDERS' EQUITY	98,287,905	103,796,806	(5,508,901)

Income Statement

Description	FY 2022	FY 2021	Difference
VALUE OF PRODUCTION	10,302,640	8,812,533	1,490,107
REVENUES FROM SALES OF GOODS AND SERVICES	8,551,917	8,562,652	(10,735)
PRODUCTION COST	8,544,567	7,885,707	658,860
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	1,758,073	926,826	831,247
RESULT BEFORE TAXES (A-B+-C+-D)	1,800,170	7,601,678	(5,801,508)
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	436,366	(1,873,092)	2,309,458
PROFIT (LOSS) FOR THE YEAR	1,363,804	9,474,770	(8,110,966)

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31/03/2022 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 6, of the Italian Civil Code, goodwill is recorded in the balance sheet, the net carrying value of which amounts to € 653,136 at 31/03/2022, recorded in relation to business combinations that occurred in previous years and with our consent as the Board of Statutory Auditors, who verified the requisites for registration.

We have verified compliance with the law regarding the structure of the directors’ report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2022, as shown in the financial statements, is positive for € 1,363,804.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

Conclusion

Also considering the results of the work performed by the independent auditors, as explained in their audit report, issued without exceptions or remarks on 17/05/2022, we unanimously believe that there are no reasons why the Quotaholders' Meeting should not approve the draft annual financial statements for the year ended 31/03/2022, as drafted and proposed by the Directors.

Milan, 18/05/2022

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Quotaholders of
Endurance Overseas S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Overseas S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Overseas S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Overseas S.r.l. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Overseas S.r.l. as at March 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 17, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ENDURANCE OVERSEAS SRL

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)
Tax Code, Turin Chamber of Commerce and
Turin Companies Register No. 05754620960
Turin Business Register (REA) no.TO 1101893
Quota capital: € 16,105,263.00 subscribed and fully paid
VAT Number: 05754620960

Report on operations

Consolidated financial statements for the year ended 31/03/2022

To the Quotaholders,
The explanatory notes provide information about the consolidated financial statements for the year ended 31 March 2021; in compliance with art. 2428 of the Italian Civil Code, this document provides information about the situation and performance of the Endurance Group (comprising the Parent Company, Endurance Overseas S.r.l., and its subsidiaries, Endurance S.p.A., Endurance Engineering S.r.l., Endurance Castings S.p.A. and Endurance Adler S.p.A. and Veicoli S.r.l., together the "Group"). This report, prepared with amounts shown in whole euro (unless otherwise indicated), accompanies the consolidated financial statements in order to provide information about the Group's earnings, financial position and operations, together, where possible, with historical facts and an assessment of future prospects.

Information on the Company and the Group

Matters concerning the economy in general and the results of operations:

The most significant event that marked the year to March 2022 is undoubtedly the return of war scenarios in Europe, with the dramatic conflict in Ukraine still ongoing sadly at the time of preparing this report. In response to the humanitarian crisis that unfortunately involved the population following the conflict, Western countries intervened by imposing sanctions that have exacerbated the already existing imbalances, particularly in the supply of raw materials and energy sources. Apart from the recent geopolitical events, which resulted in the military confrontation, the whole of 2021-22 featured by the series of extraordinary events that involved the international community, influencing the market context of the Automotive sector. The first quarter of the year (April-June 2021) began with confirmation of the economy's recovery, facilitated by a progressive easing of the restrictions introduced to deal with the pandemic. The reopening of business contributed to the growth in GDP (+5.3% in the Euro area for 2021) and the Automotive sector also benefited from this recovery. However, starting from the second quarter (July-September), production slowdowns began due to the problems that car manufacturers were encountering in the procurement of semiconductors. The lack of chips and other electronic components then continued over the course of the following quarters, causing a sharp decline in vehicle registrations compared with both the previous year (2020-21, which was heavily influenced by Covid) and with 2019-20 (the last year that enjoyed normal conditions). The spread of the Omicron variant, which forced the reintroduction of health measures, and the increase in inflation due to the rise in the prices of raw materials and energy, also contributed to the slowdown. In fact, gas and electricity prices began to rise in the autumn, affecting all international markets, Europe in particular, with the result that the flow of gas from Russia to European countries decreased. In October-December, the material component of energy suffered price hikes of around 400% compared with the historical average of the previous two years. These increases were then further aggravated in the following quarter by the outbreak of war. This extraordinary and unpredictable explosion in energy prices has had a significant impact on the Company's results, as explained in greater detail below in the section where we analyse our results.

In this complex macroeconomic scenario, registrations of new vehicles during the financial year (from April '21 to March '22) fell overall by -4.9%, considering the European Union and the UK market (the EU on its own -6.3%), with a strong recovery in the first quarter (+66.7%, due more than anything else to the low volumes of the previous year marked by generalised lockdowns) and a contraction of -23.6% in the second quarter, -23.4% in the third quarter and -10.8% in the last quarter. As these were generalised effects, the decreases affected all countries and all car manufacturers with the exception of Spain (+2.4%) and the UK (+4.2%), which had been heavily penalised the previous year. The VW group, the main manufacturer with almost a third of the EU market, recorded a drop in registrations of -8.5%, Stellantis one of -

10.8%, Renault -11.7%, BMW -3.7% and Daimler -12.6%. In the last quarter of the year (January - March 2022), the main car manufacturers recorded the following trends in terms of registrations: VW -15.6%, Stellantis -23.9%, Renault -8.1%, BMW -11.46% and Daimler -9.4%.

The data on the production of P&CV vehicles published by IHS MARKIT for the calendar year 2021 show a growth in world production of cars of +2.7% (compared with -16.9% the previous year, going from 61.5 million to 63.2 million vehicles) compared with +3.6% of total registrations. The change by geographical macro area shows the following: EU -5.7%, North America -2.4%, South America +11.2%, Asia +6.7%, Middle East and Africa +15.1%. Within the European Union, Germany was the leading producer with output of 2.9 million vehicles (albeit down 13.2% compared with the previous year), followed by Spain with 1.6 million vehicles (-8.9%), the Czech Republic 1.1 million (-3.4%), Slovakia 1.0 million (+2.7%), France 0.9 million (-1.8%), Italy, Romania and Hungary 0.4 million (-7.9%, -4.0% and -3.0% respectively) compared with the previous year.

In the same period, exports of vehicles from the European Union grew by +3.6% in value, as did imports, which grew in value by +2.3%.

In 2021, the market share of traditional combustion vehicles stood at 59.6% (having been 75.5% the previous year) of the EU market (40.0% petrol and 19.6% diesel), while hybrid vehicles (HEVs) reached 19.6% (11.9% the previous year) and rechargeable electric vehicles (ECVs) accounted for 18.0% (10.5% the previous year) of registrations, with a 9.1% share going to pure electric vehicles (BEV) and 8.9% to plug-in hybrids (PHEV).

From an industrial point of view, it should be remembered that the Company had to cope with erratic logistical planning on the part of customers as they tried to adapt to dysfunctions in the supply chains (especially in the availability of semiconductors). This meant having to face periods of total or partial suspension of production, in some cases having recourse to temporary lay-offs with State redundancy benefits.

In this extremely complex market situation, characterised by a series of negative external factors, the Group still managed to achieve positive results.

Key events

As mentioned previously, the Company again suffered the effects of the pandemic during the year.

In any case, the preventive measures introduced and those adopted over time in accordance with the regulatory provisions and protocols, made it possible to contain cases of positivity to the virus, guaranteeing the safety of all workplaces.

The technical-commercial activities carried out during FY2021/2022 were particularly positive and resulted in the acquisition of new and important orders. In particular:

- in die casting and machining market, new projects were awarded that will generate about € 60 million in annual sales when fully operational. The orders obtained mainly concern powertrain components destined for end customers Stellantis, CNH and BMW. They relate to conventional, hybrid, and electric applications that will go into production from FY 2023/24 onward.
- in the context of the plastic molding market, new orders that will generate about € 3 million in annual sales when fully operational. The orders obtained mainly concern components destined for end customers Stellantis, CNH and Tyco that will enter production as early as FY 2022/23 onwards.

The activity and collaboration in the industrial and technical field carried out with the ultimate parent company Endurance Technologies Ltd also continued, particularly with reference to activities related to applications in the motorcycle field.

Fo what operations' reorganizations are concerned, during the fiscal year the moving of Endurance Engineering S.r.l.'s activities from the Turin site to the new one in Grugliasco were completed, with the adaptation of the premises to the specific needs and optimizations foreseen for the molding of current plastic components and those related to new projects. In addition, the process of acquiring ownership of the properties located in Bione (BS), pertaining to Endurance Castings S.p.A., was completed with the final redemption.

Significant corporate events that took place in FT 2021/2022 include:

- On May 26, 2021, by a deed drawn up by Notary Agostini in Milan rep. no. 84786/17517, the parent company Endurance Overseas S.r.l. provided for the capitalization of Endurance Adler S.p.A., through a capital increase in the amount of Euro 2.0 million (of which Euro 1.28 million as an overpricing). As a result of the minority shareholder waiving his option right, the Group's stake in Endurance Adler S.p.A. increased to 99.86 percent.

Subsequently, on March 28, 2022 the Endurance Overseas S.r.l. purchased from the minority shareholder Amfin Holding S.p.A. the nr.1,200 remaining shares (representing 0.14% of the share capital), of Endurance Adler S.p.A. (for the amount of Euro 6 thousand), reaching the total shareholding in the subsidiary company.

- On November 12, 2021, the Group, through its parent company Endurance Overseas S.r.l., acquired 100% of the capital of the company Veicoli S.r.l. (an innovative SME operating in the provision of fleet and vehicle management services through its internally developed software platform) for the amount of Euro 731 thousand.
  Subsequently, on December 14, 2021, the Group, in order to provide the subsidiary with the resources useful for the implementation of the growth and development program, capitalized the newly acquired company through the payment of Euro 1.8 million, of which Euro 0.5 million as an increase in share capital and Euro 1.3 million to the Capital Reserve item. At the same time, the corporate statute was amended, providing, among other things, for a change in the company's registered office, now located in Turin, via Arsenale nr.33, and the shifting of the fiscal year-end date to March 31, consistent with other group companies.
  The acquisition of Veicoli S.r.l. by the Endurance Group pursues an objective of expanding the range of products and services offered in the mobility sector as a provider of innovative solutions. The skills and knowledge of the company's development team will then also be made available to the Group's existing businesses for the development of projects in different areas.

Financial position

To facilitate a better understanding of the Group's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	FY 2021-2022	%	FY 2020-2021	%	Change	Change %
WORKING CAPITAL	**118,941,987**	**49.89%**	**138,681,689**	**54.28%**	**(19,739,702)**	**-14.23%**
Immediate liquidity	**32,616,413**	**13.68%**	**51,059,053**	**19.98%**	**(18,442,640)**	**-36.12%**
Cash and cash equivalents	32,616,413	13.68%	51,059,053	19.98%	(18,442,640)	-36.12%
Deferred liquidity	**56,956,543**	**23.89%**	**61,366,002**	**24.02%**	**(4,409,459)**	**-7.19%**
Current receivables included in working capital	23,495,069	9.85%	28,671,862	11.22%	(5,176,793)	-18.06%
Current portion of non current receivables	329,480	0.14%	493,188	0.19%	(163,708)	-33.19%
Financial assets	32,325,948	13.56%	31,406,015	12.29%	919,933	100.00%
Accrued income and prepaid expenses	806,046	0.34%	794,937	0.31%	11,109	1.40%
Inventories	**29,369,031**	**12.32%**	**24,981,634**	**9.78%**	**4,387,397**	**17.56%**
Non current assets held for sale	**-**	**0.00%**	**1,275,000**	**0.50%**	**(1,275,000)**	**-100.00%**
FIXED ASSETS	**119,487,164**	**50.11%**	**116,807,919**	**45.72%**	**2,679,245**	**2.29%**
Intangible assets	7,510,792	3.15%	6,935,662	2.71%	575,130	8.29%
Tangible fixed assets	99,105,824	41.57%	100,258,622	39.24%	(1,152,798)	-1.15%
Financial fixed assets	2,102,509	0.88%	324,843	0.13%	1,777,666	547.24%
Non-current portion of receivables included in working capital	10,768,039	4.52%	9,288,792	3.64%	1,479,247	15.93%
CAPITAL EMPLOYED	**238,429,151**	**100.00%**	**255,489,608**	**100.00%**	**(17,060,457)**	**-6.68%**

With reference to the asset structure of the Company Group, it is noted in particular:

- with regard to current assets
  - o the reduction (for a total of € 17.5 million, including the effect of changes in the consolidation perimeter for € 0.1 million) in cash and cash equivalents and financial assets (represented by investments for the Group liquidity management) recorded based on the positive cash flows from operations accrued by the Group, net of capital expenditures and repayment of medium- and long-term loans, as described below (also refer to the data pertaining to the consolidated cash flow statement);
  - o the trend of other elements of working capital, including in particular the reduction (approximately € 5.2 million) in the value of current receivables (particularly in relation to the trend in business volumes recorded in the final part of 2021/2022, which experienced the described slowdowns in the reference market, in comparison with the corresponding period of the previous year which had recorded a recovery phase post the first pandemic waves) and the increase in inventories (€ 4.4 million), for the same reasons described above, which led to an increase in

outstanding inventories at the end of the current fiscal year as a result of the reduction in absorption planning by customers, as well as due to the increase recorded during the year in the value of the Group's main raw material (secondary aluminium alloys);
  - among current assets, it has to be noted the change in fixed assets held for sale (€ 1.3 million as of March 31st, 2022) represented by the value of the portion of the property in Rovereto pertaining to Endurance Adler S.p.A., which was involved, at the end of the previous year, in a sale preliminary agreement, subsequently not finalized in the current year; as a consequence, re-classification of the amount (net of depreciation accrued in the year) among tangible fixed assets occurred, also taking into account the modified expectation for the industrial site's utilization;
- with reference to long-term assets, in particular, following trends are registered:
  - the increase in the net value of intangible assets (by € 0.6 million) and the decrease in tangible assets (by € 1.2 million) as a result of the combined effect of the following factors:
    - recording of depreciation and amortization for the period (for a total of € 18.9 million, including the effect connected to the revaluation carried out at the end of the previous year, pursuant to Article 110 of Decree Law No. 104 of August 14, 2020, converted into Law 126/2020);
    - investments made during the year, amounting to € 2.0 million among intangible assets, (mainly referred to the capitalization of development costs) and € 14.4 million among tangible assets, related to the increase of production capacity for newly acquired orders, in particular with VW customers (including those for the AUDI brand) and Stellantis, as well as the strengthening of foundry facilities (both in Chivasso and Bione) and for the set-up of operations in the plastics segment following the completion of the move to the new production site in Grugliasco;
    - the inclusion of the value of fixed assets classified as held for sale as at March 31st, 2021 as described above;
    - net of disposals recorded during the period (for a net value of approximately € 0.2 million);
  - the increase in medium/long-term receivables mainly refers to the increase in the balance of deferred tax assets recorded during the year (€ 10.8 million as at March 31st, 2022), both with reference to the differences in statutory and tax values, in particular of fixed assets and provisions for risks and write-downs and in relation to the recognition at consolidated level of negative taxable income, following the application of extra deductions related to the use of the benefits linked to the Industry 4.0 incentives (so called "super-depreciation" and "hyper-depreciation") connected with the significant investments made by the Group in recent years.

Balance Sheet - Liabilities and Quotaholders' Equity

Item	FY 2021-2022	%	FY 2020-2021	%	Change	Change %
CURRENT LIABILITIES	**104,392,988**	**43.78%**	**112,507,119**	**44.04%**	**(8,114,131)**	**-7.21%**
Current payables	103,021,460	43.21%	112,006,534	43.84%	(8,985,074)	-8.02%
Accrued expenses and deferred income	1,371,528	0.58%	500,585	0.20%	870,943	173.99%
NON-CURRENT LIABILITIES	**31,016,258**	**13.01%**	**48,154,113**	**18.85%**	**(17,137,855)**	**-35.59%**
Non current payables	19,985,185	8.38%	37,846,793	14.81%	(17,861,608)	-47.19%
Provision for risks and charges	6,189,616	2.60%	6,708,909	2.63%	(519,293)	-7.74%
Employee termination indemnity	3,010,523	1.26%	2,949,445	1.15%	61,078	2.07%
Accrued expenses and deferred income	1,830,934	0.77%	648,966	0.25%	1,181,968	182.13%
QUOTAHOLDERS' EQUITY	**103,019,905**	**43.21%**	**94,828,376**	**37.12%**	**8,191,529**	**8.64%**
Quotaholders' equity attributable to the Group	**103,019,905**	**43.21%**	**94,825,042**	**37.12%**	**8,194,863**	**8.64%**
Quota capital	16,105,263	6.75%	16,105,263	6.30%	-	0.00%
Reserves	21,237,490	8.91%	19,250,169	7.53%	1,987,321	10.32%
Retained earnings (accumulated losses)	58,993,207	24.74%	46,821,884	18.33%	12,171,323	25.99%
Net income (loss) for the year	6,683,945	2.80%	12,647,726	4.95%	(5,963,781)	-47.15%
Quotaholders' equity attributable to minority interest	**-**	**-**	**3,334**	**-**	**(3,334)**	**-**
FINANCING SOURCES	**238,429,151**	**100.00%**	**255,489,608**	**100.00%**	**(17,060,457)**	**-6.68%**

With reference to the structure of the Group's liabilities, the following are highlighted in particular:
- within the scope of third party capital, the main changes regard
  - the reduction of approximately € 8.1 million in current liabilities, in relation to the volumes trend recorded in the latter part of the year under review compared to the previous year, consistent with what has been described in relation to current receivables;

- the reduction in consolidated liabilities, for a total of € 17.1 million, mainly related to the process of repayment of loan agreements on the basis of contractual schedule (taking into account that the renewal of the Group's financing lines took place, as opposed to previous year, in April 2022, through the signing of new loans for approximately € 20 million).
  Also worth mentioning is the reduction due to the use/release of provisions for risks (accrued in previous years) for approximately € 0.5 million and the increase in deferred income (€ 1.2 million), in particular related to the recording of portions pertaining to future years of income related to the recognition of tax credits for investments in capital assets (related to the most recent investments in high-tech assets, to support production projects);

- for what quotaholders' equity is concerned , the increase by a total of € 8.2 million, following the recognition of the positive result for the period (€ 6.7 million) and the recognition, with a direct impact on Group's consolidated Equity (for € 1.5 million), of the Cash flow hedge reserve, which includes the amount, recorded net of the related tax effect, of the effective portion of the changes in Fair value of derivative contracts entered into for the purpose of cash flow hedging associated with highly probable planned transactions.

The change in the scope of consolidation (detailed below with reference to the balances of Veicoli S.r.l. as of the date of first consolidation, November 1st, 2021) did not lead to significant changes in the Group's asset and liability balances (amounts expressed in thousands of Euro):

ASSETS	01/11/2021
WORKING CAPITAL	**169**
Immediate liquidity	**127**
Cash and cash equivalents	127
Deferred liquidity	**42**
Current receivables included in working capital	42
Current portion of non-current receivables	-
Financial assets	-
Inventories	**-**
IMMOBILIZZAZIONI	**86**
Intangible assets	75
Tangible fixed assets	11
Financial fixed assets	-
CAPITAL EMPLOYED	**255**

LIABILITIES AND EQUITY	01/11/2021
CURRENT LIABILITIES	**115**
Current payables	106
Accrued expenses and deferred income	9
NON CURRENT LIABILITIES	**152**
Current payables	58
Accrued expenses and deferred income	90
Current payables	4
EQUITY	**(11)**
Share capital	0
Reserves	82
Retained earnings (accumulated losses)	1
Net income (loss) for the year	(94)
FINANCING SOURCES	**255**

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2021-2022	FY 2020-2021	% Change
Fixed asset coverage	94.47 %	87.79 %	7.61 %
Amounts payable to banks to working capital	30.40 %	39.91 %	(23.83) %
Debt ratio	1.31	1.69	(22.49) %
Financial debt ratio	0.44	0.73	(39.73) %
Equity to capital employed	43.21 %	37.12 %	16.41 %
Financial charges to turnover	0.32 %	0.49 %	(34.69) %
Current ratio	111.54 %	122.56 %	(8.99) %
Primary coverage amount	(5.699.220.00)	(12.690.751.00)	55.09 %
Primary coverage ratio	0.95	0.88	7.95 %
Secondary coverage amount	23.076.595.00	34.814.396.00	(33.72) %
Secondary coverage ratio	1.21	1.32	(8.33) %
Net working capital	12.308.556.00	25.525.604.00	(51.78) %
Acid test margin	(17.060.475.00)	543.970.00	(3.236.29) %
Acid test ratio	84.00 %	100.48 %	(16.40) %

Consolidated statement of cash flow

Item	FY 2021-22	FY 2020-21	Change	Change %
Cash and cash equivalents at beginning of period	**51,059,053**	**53,837,305**	**(2,778,251)**	**-5.16%**
a. Cash flows from operating activities	20,633,171	30,294,765	(9,661,593)	-31.89%
b. Cash flows from investing activities	(17,390,741)	(31,685,009)	14,294,268	-45.11%
c. Cash flows from financing activities	(21,081,395)	(909,546)	(20,171,849)	2217.79%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(17,838,964)**	**(2,299,790)**	**(15,539,175)**	**675.68%**
d. Cash flow for acquisition of subsidiaries	(730,856)	(1,010,870)	280,014	-27.70%
e. Net cash and cash equivalents acquired	127,180	532,408	(405,228)	-76.11%
(Acquisition of subsidiaries, net of cash and cash equivalents) (d ± e)	**(603,676)**	**(478,462)**	**(125,214)**	**26.17%**
Cash and cash equivalents at the end of the period (a ± b ± c ± d ± e)	**32,616,413**	**51,059,053**	**(18,442,640)**	**-36.12%**

With reference to the cash flow trend for the period, it should be noted that the Group recorded a decrease in cash and cash equivalents of approximately € 18.4 million during the year, due to the combined effect of the following factors:

- the positive performance of operations, which led to a net positive cash flow of € 20.6 million, to which contributed both the P&L performance (with an EBITDA of approximately € 24.4 million), and the change in net working capital (reduction of € 2.3 million in particular due to the trend of trade receivables and payables and inventories) and that of provisions (reduction by € 1.9 million);
- cash flow connected with investments made during the period (for a net outlay of € 17,4 million), primarily relating to;
  - tangible fixed assets, aimed at increasing the production capacity related to on-going projects and those of new acquisitions (€ 14.4 million);
  - intangible fixed assets (€ 2.0 million), referring mainly to the capitalization of development costs;
  - financial assets not held as fixed assets (intended to provide the Group with liquidity) totalling € 0.9 million;
- cash flows relating to financing activities - with an overall negative effect of € 21.7 million - which include the effect of the change in long-term debt (increases due to new loan contracted, € 3.0 million, offset by repayments made during the period in relation to contractual maturities amounting to € 23.8 million) and the reduction (€ 0.9 million) in short-term bank debt;
- finally, the effect of the outflow determined by the change in the consolidation, net of cash acquired (for a net effect of € 0.6 million), concerning the acquisition of Veicoli S.r.l.

Profit & Loss results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

	Year 2021-2022	%	Year 2020-2021	%	Change	Change %
VALUE OF PRODUCTION	**181.109.486**	**100,00%**	**172,110,229**	**100.00%**	**8,999,257**	**5.23%**
- Consumption of raw materials	75.177.627	41,51%	66,089,209	38.40%	9,088,418	13.75%
- General expenses	40.233.543	22,22%	35,491,000	20.62%	4,742,543	13.36%
VALUE-ADDED	**65.698.316**	**36,28%**	**70,530,020**	**40.98%**	**(4,831,704)**	**-6.85%**
- Payroll costs	39.288.395	21,69%	38,062,875	22.12%	1,225,520	3.22%
- Provisions	-	0,00%	300,000	0.17%	(300,000)	-100.00%
GROSS OPERATING MARGIN	**26.409.921**	**14,58%**	**32,167,145**	**18.69%**	**(5,757,224)**	**-17.90%**
- Depreciation, amortisation and write-downs	18.914.163	10,44%	19,241,727	11.18%	(327,564)	-1.70%
- Other operating expenses	2.033.436	1,12%	1,429,812	0.83%	603,624	42.22%
INCOME BEFORE FINANCIAL ITEMS	**5.462.322**	**3,02%**	**11,495,606**	**6.68%**	**(6,033,284)**	**-52.48%**
+ Financial items	(224.796)	-0,12%	(389,556)	-0.23%	164,760	-42.29%
+ Adjustments to financial assets	114.778	0,06%	(557,911)	-0.32%	672,689	-120.57%
INCOME BEFORE TAX	**5.352.304**	**2,96%**	**10,548,139**	**6.13%**	**(5,195,835)**	**-49.26%**
- Taxation	(1.331.641)	-0,74%	(2,087,335)	-1.21%	755,694	-36.20%
NET INCOME	**6.683.945**	**3,69%**	**12,635,474**	**7.34%**	**(5,951,529)**	**-47.10%**
EBITDA	**24.376.485**	**13,46%**	**30,737,333**	**17.86%**	**(6,360,848)**	**-20.69%**

From an economic point of view, fiscal year 2021/2022 recorded an increase in the value of production (5.2%, or approximately € 9.0 million), which was influenced by the combined effect of the continuation of a downward trend in the automotive market due to irregular supply trends (also caused by the pandemic upsurge), of the price trend of raw materials and energy factors, as well as the effect of the increase in the price of the reference raw material (secondary aluminium alloys), which is reflected in sales prices in relation to the business practices of the reference sector.

In particular, with reference to the year's sales to the Group's main customers, the following main trends were recorded:

- for what domestic customers are concerned, a reduction in sales was confirmed with respect to the Stellantis group (approximately 2.3% less than the previous year), while there was an increase with respect to the CNHI group (+11%), which resulted in a final consolidated revenue decrease with respect to the previous year of approximately € 0.9 million;
- in relation to foreign customers, the same trend of volume contraction was recorded vis-à-vis the Volkswagen Group (decrease of approximately € 2.9 million, or 6% less than the previous year), offset by the incremental trend towards the BMW Group (€ 0.8 million) and Daimler (€ 2.3 million);
- on the other hand, there was an increase in revenues from smaller customers and those in the plastics segment (€ 4.1 million), in particular due to the entry into full operation of the activities of Endurance Adler S.p.A. and the rising performance compared to fiscal year 2020/2021.

In the year under review, the FCA/Stellantis Group and VW Group were confirmed as the Group's main customers, accounting for about 36% and 24% of total sales, respectively, followed by CNHI (9%), Daimler (4%) and BMW (3%). The plastics segment accounted for about 4% of total sales in the year under review.

With reference to the structure of production costs, there was a more than proportional increase compared to the trend in sales, both in the ratio of raw material purchases, which increased by € 9.1 million (or 13.8% compared to the previous year), and in general expenses and high operating expenses (which increased in total by 14.5%, or € 5, 4 million compared to the previous year), particularly as a result of the trend in raw material prices, which accelerated in the last period of the year and have not yet been passed on to the respective sales, and energy factor costs, which increased significantly both due to the Group's direct consumption and indirectly in the prices applied in the market for external processing and services.

The payroll cost for the year increased as compared to the previous year (by € 1.2 million, or 3.2%, resulting in 21.7% of value added), in relation to a normalization of the distorting effects recorded in the previous year, characterized by:

- cost reductions obtained in connection with the support tools made available for the pandemic management of the first part of 2020/2021 (Cassa Integrazione Straordinaria Covid-19, the use of which was reduced, with recourse to CIGO, during the year under review);
- cost increases related to the strengthening of company structures put in place last year, compared to a reduction in the number of employees recorded during the year under review.

Depreciation and amortization decreased by approximately € 0.3 million compared to the previous year and the caption was impacted by the combined effect of:

- reduction in the depreciation charge for the year, in particular with reference to the revision of the remaining useful life of certain assets, in view of the changed phase-out forecasts for certain projects, which resulted in additional accelerated depreciation in the previous year;
- increase in depreciation (€ 1.7 million) related to the higher value of assets resulting from the revaluation carried out - pursuant to Law 126/2020 - with reference to certain assets owned by the subsidiary Endurance S.p.A. at the end of the 2020/2021 fiscal year.

It should be noted, with reference to this cost item, that the Group did not exercise the option to suspend depreciation granted by Law No. 126 of October 13, 2020.

The described trends resulted in a profitability for the current year that was in any case positive, even if down from the previous year: consolidated EBITDA, at € 24.4 million, stood at 13.5% of the value of production (compared to 17.9% in the previous year).

The described performance, however, testified to the Endurance Group's ability to react to the adverse market conditions determined by the continuation of the critical issues related to the Covid-19 pandemic, accentuated by the irregular trends in customer absorption (as a result of the numerous interruptions and slowdowns in the various supply chains), and even more so by the sudden and exceptional surge in energy factor costs. This ability to react to an undoubtedly challenging context (especially in a sector that is highly impacted by the described production factors and characterized by significant uncertainties in terms of development guidelines) has stimulated the Group to continue its policy of production factor efficiency - keeping the focus on new investments and initiatives oriented to the confirmation of development plans, fortunately also confirmed by customer confidence - in order to maintain a level of income performance that is still satisfactory with respect to market trends.

Financial management during the year confirmed an improvement over the previous year (net expenses of € 0.1 million including adjustments in the values of financial assets, compared to € 0.9 million in the previous year), in particular due to the reduction in interest rates associated with a decrease in debt, combined with the recovery recorded in the carrying value of securities held as an investment of liquidity by the Group compared to the previous year's trends.

Income taxes - represented by net income of € 1. 3 million - recorded a reduction in the overall benefit of approximately € 0.8 million compared to the previous year; the higher taxable income recorded during the current year compared to the previous year was, in continuity with the last financial years, reduced as a result of the significant deductions deriving mainly from the full application of the benefits associated with the hyper-amortization discipline in relation to the technologically advanced investments made in previous years, which determined - also taking into account the trend in business volumes - the final accounting of a negative tax income also for the year under review.

All of the above led the Endurance Group to report a positive net result by € 6.7 million, or 3.7% of the value of production (compared with € 12.6 million, or 7.3% of the value of production, in the comparative year).

The trends described were not significantly impacted by the change in the scope of consolidation, as the contribution of the newly consolidated Veicoli S.r.l., affected value of production and EBITDA by € 0.3 million and € 0.1 million, respectively.

Key performance indicators

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2021-2022	FY 2020-2021	% Change
R.O.E.	6.49%	13.33%	-51.31%
R.O.I.	4.93%	10.87%	-54.65%
R.O.S.	3.09%	6.58%	-53.09%
R.O.A.	2.29%	4.50%	-49.08%

Information required by Art. 2428 of the Italian Civil Code

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties that the Group is exposed to

As required by the first paragraph of Art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Group is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Group's results are influenced by trends in the domestic and international economies.
Developments in GDP, the cost of raw materials, the unemployment rate, interest rates, and thus the level of consumer and business confidence, may affect the trend in end-customer sales and thus the trend in corporate sales.
Additional elements of uncertainty also persist related to geopolitical tensions, particularly over the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. In addition, the tightening of international sanctions is affecting uncertainties in the price trends of energy, basic materials (particularly metals) and agricultural commodities with repercussions on consumer price pressures and growth prospects for the Eurozone. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, business operating conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE GROUP OPERATES: The metal alloys and metal parts machining sector, as well as the plastic moulding sector, in which Group companies operate, are characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Endurance Group has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Group's results and financial position.

What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.

Future investment by the Group (continuing the activities carried out during the year) will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. Failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the future prospects of Group companies.

FINANCIAL RISKS: The Group is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risk, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Group constantly monitors its exposure to financial risks, in order to evaluate in advance any potential adverse effects and take appropriate action to mitigate them.

Credit risks

Given the nature of the industrial activities carried out by the operating companies - production of metal and plastic components for engines and gearboxes for car makers, by managing the entire production chain, especially for metal components – the receivables of the Group are structurally concentrated since its customers comprise a limited number of industrial groups. The integration of the activities of the individual companies within the Endurance group results in a better degree of diversification, as the intercompany supply of products results in reaching a wide range of third-party end customers.
The Group monitors constantly the level of outstanding receivables and adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Group's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.
The Group seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and investment requirements could adversely impact the Group's results and financial position.
Management believes that the funds currently available, the keeping of suitable contacts for access to credit, as well as the funds generated from operating activities, will allow the Group to meet the needs deriving from investing activities, working capital management and the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Group is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

- *Risks relating to changes in interest rates*
  The Group utilises financial resources obtained mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. The Group can also factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and factoring and therefore affect the level of the Group's financial charges.
  To tackle these risks, the Group strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with the opportunities available under current market conditions.

With this aim, the Group has appropriately structured its financing, mainly at floating rates, with repayment due in the medium/long term at favourable conditions (with the objective of optimising current conditions and mitigating the high volatility of interest rates).
Lastly, where considered appropriate, the Group makes use of rate derivatives (interest rate swaps and caps) with the aim of hedging the risks described.

- *Risks relating to changes in exchange rates*
  The functional currency used by the Group for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, we can confirm that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment and safety

In the context of specific policies adopted, the Endurance group, strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work to monitor and maintain appropriate environmental protection standards in accordance with ISO 14001:2015 (Environmental management systems) and ISO 45001:2018 (occupational health and safety standard recognised and accepted around the world) continued during the year ended March 31st, 2022.

Employee training sessions covered the following topics (in compliance with the State-Regions agreement of December 2011):
- refreshing training specifically for supervisors on control over workers' compliance with the company's legal provisions on occupational health and safety;
- refreshing training for first aid and emergency response team members;
- training/update for driving self-propelled forklifts;
- radiation protection training for personnel assigned to radiogenic equipment checks;
- additional instructional dissemination to employees performing mould change/maintenance activities on die-casting islands;
- PES/PAV training for personnel working on electrical equipment;
- workers representative training update.

The Risk Assessment Document and the Environmental Impacts Register were updated - considering inter alia the impacts of the pandemic - with the identification and analysis of risks and procedures for the management of environmental and worker safety emergencies (including the definition of actions to prevent future incidents).

Practical training sessions were held to simulate fire emergencies, evacuations, chemical spillages, sudden illnesses and related first-aid procedures, with the participation of employees.

As regards the question of efficiency, on completion of the Energy Diagnosis, drawn up in compliance with the requirements of the UNI CEI EN16247 standard and Legislative Decree 102/2014 (and subsequent amendments), the administrative activities needed for certification of the interventions made to use the tax benefits deriving from effective implementation of solutions to increase efficiency were continued.

Work on installations included the following principal actions:

- *Lombardore plant (mechanical processing):*
  a) Installation of wallbox for electric cars' charging.
  b) Improvement of air extraction and refreshing systems in production departments.
  c) Waterproofing for temporary waste storage area.
  d) Restoration of service platforms on work islands.

- *Chivasso plant (die casting and sandblasting):*
  a) Installation of wallbox for electric cars' charging.
  b) Implementation of electricity consumption monitoring system for the various utilities in the departments.

c) Introduction of fixed platforms to complete protection of the applicable mould compartment .
d) Adoption of removable platforms on the remaining presses.
e) Update lay-out of de-burring area and visual inspection.
f) Introduction of new model of work gloves to protect against mechanical hazards.

- *Chivasso Plant (mechanical processing):*
a) Realization of washing machine atmosphere emission point.
b) Enlargement of men's and women's locker rooms.

- *Grugliasco Plant - TO (plastics molding):*
a) Installation of centralized vacuum system serving the production islands.
b) Efficiency upgrading of the press/mould cooling plant by means of new generation adiabatic free cooler and related interconnection system.
c) Interventions on the structures of the buildings and the realization of elements/partitions with fire resistance features.

- *Bione Plant - BS (die casting):*
a) Complete asphalting of yards.
b) New methane gas supply system for the melting furnaces.
c) Doubling of cylinder storage area by dividing flammables from oxidizers.
d) Initiation of procedures for installation of new external double chamber pump room tank with containment tank.
e) Installation of tele-alarmed brine tank "overflow" control.
f) Installation of dampers on yard drains as safety organs in case of spills
g) Implementation of reuse of cooling water for detaching emulsion.

In addition, on fire-safety matters, the emergency plan was updated and evacuation drills were carried out in all factories, covering every shift.

Lastly, in relation to the monitoring of the risk and impact assessment system, the Risk Assessment Document and the Environmental Impact Register were updated with the identification and analysis of risks and opportunities (focusing in particular on environmental emergency management or safety of workers according to appropriate procedures in order to identify and define the actions needed to prevent future accidents, also with reference to updates concerning the management of risks and impacts related to the Coronavirus pandemic.

COVID-19: Practical precautionary measures introduced to allow activities to continue while safeguarding the health of workers

n connection to the activities aimed at mitigating the spread of the Coronavirus pandemic, the operational precautionary measures, introduced since the previous fiscal year and defined by the "Company Protocol for the Regulation of Measures to Combat and Contain the Spread of Covid-19 in the Workplace" drafted pursuant to the shared Government/Social Partners Protocol of March 14, 2020, supplemented on April 24, 2020 and subsequent amendments, were kept active and continuously monitored.

In the context of the current scenario of the Covid-19 health crisis, and in accordance with the decisions of the Endurance Group and the authorities, the Group has continued to adopt and implement the following measures:
- compliance with the described Protocol.
- informing workers and third parties entering the production sites with the necessary instructions for the protection of their health and safety;
- provision to its staff of certified masks and disinfectant solutions and materials for cleaning and sanitizing workplaces in addition to the maintenance of interpersonal distancing.
- maintenance of the possibility of the use of remote working mode (smart-working) by giving preference to this working mode over the in-person one.
- maintenance of specific procedures to contain contact with external personnel (drivers/transporters at logistics entities);
- maintenance of measures to restrict access to common areas (relaxation areas, refreshment areas, locker rooms);
- control of body temperature at access to the company and acquisition of the attestation, of employees and third parties, the absence of conditions that by law restrict circulation or access;
- maintenance of increased frequency of cleaning and sanitizing service in the company with periodic extraordinary sanitizing interventions, carried out by specialized personnel using products with high sanitizing power.

During the year, cases of Covid-19 were detected among employees of the Group (in no case with serious consequences). This meant applying the protocols and the responsible participation of employees in maintaining careful and precautionary behaviour, which has permitted effective management that has guaranteed production continuity at all operating sites and the mitigation of operational inefficiencies.

Information on personnel management

The Group's workforce averaged 602 employees during 2021/2022, compared with 611 in the previous year (including the change in the consolidation perimeter, taking into account the average workforce of Veeicoli S.r.l., equal to 3 units). Details of the types of employment are given below

Employees	2021/22	2020/21
Managers	21	18
White collar	129	137
Blue collar	452	456
Total	**602**	**611**

At 31/03/2022 the overall workforce of the Group amounted to 578 employees.

During the fiscal year ended March 31, 2022, the main training activities were directed in the areas of Manufacturing, Technical Services/Maintenance and Quality with the aim of raising the standards of general and specific skills, also in relation to the variables related to the continuous improvement of production and business processes.

Special attention and targeted interventions, were provided for the certification of skills in relation to "Customer Specific Requirements," in line with the requirements of the automotive industry reference standard IATF 16969:23016.

In particular, training covered the following activities and topics (in addition to those already described in the section on Environment and Safety):

Manufacturing/production-related training:

- Development of knowledge and specific skills via classroom and on-the-job training sessions covering the start-up of new lines and management of the related procedures. These activities were partly carried out in partnership with the suppliers of the mechanical processing plant and automation lines concerned. They covered, in particular:
  - Operational management of automation and mechanical processing lines with external and on-the-job training activities aimed at developing the specific skills of specialized and operational personnel and training of new dedicated figures;
  - On-the-job activities related to the improvement of production processes and verification of processed and semi-finished product conformity;
  - Problem Solving for autonomous management of production problems with a view to continuous improvement;
  - Continuous on-the-job training of production personnel aimed at increasing awareness regarding product quality characteristics, customer requirements and updating control chart specifications.

Engineering/quality training:

- Internal quality: improving internal management processes of compliance variables of processed and semi-finished products, different control methodologies, and quality system documentation through on-the-job training;
- Forecasting, updating and verification of quality system documentation through on-the-job training;
- Skills Certification: External training related to certification of skills and approaches provided by clients, and in particular:
  - Core Tools Automotive for Process and System Auditor;
  - Risk Management;
  - Qualification of First and Second Party Auditors in accordance with the IATF 16949:2016 Quality Management System;
  - Training activities related to the development of technical and management skills and in particular:
  - CMM programming - Zeiss and CMM - Hexagon PC - Dimis;
  - Training in the use of production part marking systems and related programming;
  - Electromechanical maintenance of GrobWerke equipment and facilities;
  - Qualification of Personnel in charge of "non-destructive" Inspections;
  - Development of specific skills on complex technical drawings: analysis, interpretations, applications and rules, symbologies;
  - ADR Course - Dangerous Goods;
  - IATF 8.5.1.1 Standard Training Course;
  - New I-Q003 Non-conforming Product Management.

Special attention, with targeted training, was dedicated to the certification of skills in relation to customer-specific requirements, consistent with the provisions of IATF 16969:23016.

The overall activities carried out (including those mentioned previously when talking about the environment and training) involved the Group's staff in a total of around 5,400 hours with training activities carried out internally and externally (as well as on the job).

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, with respect to which it was decided not to capitalise the costs incurred.

During the year, as part of the "Future Manufacturing Endurance" project, an initiative launched in 2015-16 to introduce the pilot line - currently approved as an implementation standard for subsequent investments - and completed from an operational point of view at the end of 2017-18, the second level audit procedures carried out by the Ministry of Economic Development's inspectors at the end of the previous year reached the final validation stage and we received the last portions of the non-refundable grants (for a total of € 433 thousand, of which € 43 thousand paid out during the year), and of the subsidised loan for a total of € 3,006 thousand (last tranche of € 300 thousand paid out during the year). The related development costs capitalised during the years of the project have been fully amortised.

With reference to the other project that involved the Group up to the first half of the year (the "ICARO" project relating to industrial research and experimental development for the industrialisation of innovative aluminium alloy products), as part of the *Regional Operational Programme ERDF 2014/2020 - Action I.1b.1.1- Tender "IR2" Industrialisation of Research Results*, in which the Company participates as Project Manager of a partnership of 3 companies), it should be noted that during the year the reporting of expenses incurred up to the end of the project (August 2021) was completed and the project faced the various technical audits for the assessment of completion of the project's objectives.

Following the technical verifications, final approval of the project was achieved, which made it possible to proceed - with a process that will be completed in 2022-23 - to pay out the last portions of the grants awarded for this project. In this context, with reference to the advances already approved by the financing bodies, during the course of 2021-22, the related portions of the grant/co-financing were recognised and disbursed by the pertinent entities (Finpiemonte and the Piedmont Region) for a total amount of € 462 thousand (based on costs pertaining to previous years, in relation to the approval times of the disbursing bodies).

With regard to the most recent initiatives undertaken from 2019-20, there is the Group’s participation in two Important Projects of Common European Interest (IPCEI) for the development of new generation electric batteries, which was developed as part of the European Battery Alliance and approved by the European Commission at the end of 2019 and during the second half of 2020.

In the context of these initiatives (which involve numerous companies from the main European countries in a synergic way), Endurance is committed with multi-year projects with a time horizon up to 2028, within the areas relating to:

a) developing battery modules and systems, in particular for applications in the automotive and mobility sectors, through a project for the development of so-called battery housings, with the use of secondary aluminium alloys, particularly attractive in relation to the reduced impact of the carbon footprint (“IPCEI 1” project) and
b) developing battery swapping systems, linked to the management/smart use of batteries (with the aim of optimising the life cycle of electric mobility systems) as part of the IPCEI 2 Project.

Both of these projects saw the formalisation of the approval process at the Ministerial level in the 2021-22 and the start of its activities also by Endurance Group.

In particular, with reference to the IPCEI 1 Project, work started on the concept design of modular solutions for battery housing which made it possible to prototype a first application with lithium-ion batteries for 2-wheel use and develop a demonstrator of an automotive battery module (BM) made of new generation secondary alloys. The BM has been designed for easy assembly and dis-assembly, so accessible both for cell maintenance and for their re-use in another application.

As for the IPCEI 2 Project, the activities are expected to start in the first few months of 2022-23.

Lastly, with reference to the SALEMA Project (HORIZON 2020 design model), in the context of which new alloys with a low CRM (Critical Raw Materials) content will be developed in collaboration with European companies and OEMs (Stellantis/Ford), the project saw completion of the approval process by the European Union at the beginning of 2021-22 and its formal start-up in early May. The activities assigned to Endurance Group, i.e. designing and building a working die-cast demo and providing systems and personnel for testing innovative materials, are expected to start in the first half of 2022-23 having carried out preliminary preparatory and planning activities during the financial year under review. With reference to this project (and according to its pre-financing model) we have already received grants of around € 428 thousand, all of which has been treated as deferred income as it will be recognised in the same periods as the project's costs.

In addition to the main projects described above, the various departments involved have also gone ahead with other product and process development activities, mainly in the following directions:

- The principal activities carried out in the mechanical processing area included:
  - Validation of innovative technical solutions for the automated control of critical product characteristics (e.g. a vision system with adaptive robotics on an ACT overhead).
  - Completion of the concept design for EV platform components (e.g. battery module for MEB - VW platform) as part of the IPCEI 1 Project explained above;
  - Bringing up to speed the automated processing line for the GSE engine block on behalf of Teksid;
  - Continuation of feasibility studies regarding the recovery and reconversion of workstations for the re-engineering of new production, including analysis for a supplementary review of plant layout changes that rationalise activities ahead of the introduction of additional production capacity to service the new contracts, as well as handling volume drops/phase-outs of on-going production lines.

  To support the acquisition of new products, estimates were developed and 48 detailed technical reviews were prepared; we also completed initial estimates for particular battery housings for application on EV engines.

  During the year, the industrialisation of numerous new products for the main customers was started and, in some cases, completed, including the VW Group (PHEV Timing Belt Cover, Oelwanne in 3 versions, Halter in 2 versions, further development for ACT+ Zylinderkophaube), the FCA Group (GSE N3 engine block, Maserati V6 EVO tappet covers) and the BMW group (Deckel Sperr-Variante).

- The main projects in the die-casting area included:
  - Development of preliminary feasibility studies, equipment lay-out, detailed analysis of demoulding, filling and solidification simulation, definition of excess metal by consolidating existing methods;
  - Product/process design solutions (e.g. inserts in conformal cooling) defined in co-design with strategic customers (BMW - AUDI) have been implemented on die-casting molds for initial sampling.
  - Preparation of 52 detailed technical reviews.
  - With regard to the traceability of a particular raw part, specifications have been defined for marking on a die-casting island for components to be blasted with Zn/Al.
  - The preparation of databases referring to materials with characteristics of primary and secondary generation alloys (Low Carbon Foot Print) and to the process specifications for the production of components with a large printed surface (especially for applications on battery housings) has been completed
  - Comparative analysis of virtual process simulation results and CTSCAN/X-ray surveys has been commenced;
  - Solutions to improve the quality of the raw materials have been defined, tested and launched into production, with the introduction of:
    - localized squeeze technology;
    - jet cooling for blocks; and
    - inserts in additive manufacturing.

Working together with affiliates and third-party partners, die casting equipment was designed and made for new products, with related sample production at various customer sites, especially FCA/Stellantis. For the products indicated above, the related industrialization has also been started/completed.

In addition, feasibility studies continued to develop technological integration projects within the Endurance Group, both in relation to the ultimate parent company, Endurance Technologies (India), and with the other subsidiaries (in particular the coordination of development activities with Endurance Castings S.p.A. in relation to structural integration of the supply chain). The particular attention given by German OEMs to the use of Low Carbon Foot Print secondary alloys has intensified sharing the experimental activities carried out as part of the SALEMA Project with Endurance GmbH.

Pursuant to and for the purposes of what is reported in point 1) of the third paragraph of art. 2428 of the Italian Civil Code, we certify that with reference to the research and development activities applied to the product and the production process, development costs of approximately € 1.96 million were recorded during the year (and capitalised under intangible assets). They concerned in particular the costs of technical and production support personnel involved during the year in product and process development activities (referring both to the specific projects subject to grants/co-financing as explained, and to the development carried out by the technical departments in relation to new products for the automotive market).

With reference to the various R&D activities mentioned above, the Group has benefited from the tax credits envisaged pursuant to art. 1.70.d) of Law 145/2018 (2019 Budget Law). During the year, the Company recorded income relating to this situation (in relation to the costs incurred in 2020-21 and subject to specific certification in the year under review) of € 153 thousand (to which the economic impact relating to costs validated in previous years must be added, recognised in relation to the depreciation process, for a further € 34 thousand).

Transactions with subsidiaries, associates, parent companies and fellow subsidiaries

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis C.C., the information on related-party transactions is provided below.

Transactions were carried out with related parties during the year; these transactions are concluded at market conditions, especially those related to services – both operative and financial – provided to other subsidiaries (in particular Endurance Amann GmbH), and to the Parent Company Endurance Technologies Limited, as detailed below:

Receivables from affiliates classified as current assets

Description	FY 2022	FY 2021	Change
from parent companies	300,645	40,522	260,123
from fellow subsidiaries	654,907	763,412	(108,505)
Total	*955,552*	*803,934*	*151,618*

Receivables from parent companies (€ 301 thousand as at March 31st, 2022) refer to outstanding commercial relationships with the parent company Endurance Technologies Ltd in connection with the sub-licensing of patents and know-how acquired by Endurance Adler S.p.A. and related to the production of motorcycle clutches and braking systems.

Receivables from fellow subsidiaries (amounting to € 655 thousand as at March 31st, 2022, a reduction as compared to the previous financial year) refer to receivables of a commercial nature, mainly connected with administrative, financial and support services provided by Endurance Overseas S.r.l. to the German subsidiary Endurance Amman GmbH (own by the parent company Endurance Technologies Limited, or "ETL"), on the basis of specific service agreements, regulated at market conditions.

Payables due to and loans from affiliates

Description	FY 2022	FY 2021	Change
payables due to parent companies	73,735	119,364	(45,629)
payables due to fellow subsidiaries	4,871,921	7,009,175	(2,137,254)
Total	*4,945,656*	*7,128,539*	*(2,182,883)*

Payables due to parent companies (€ 74 thousand at March 31st, 2022) refer to commercial transactions with the parent company Endurance Technologies Limited.

Payables to fellow subsidiaries (€ 4,872 thousand at March 31st, 2022, down by € 2,137 thousand compared to the previous financial year) refer to relations with the foreign subsidiary Endurance Amann GmbH and include for, € 1,872 thousand, the amount of the centralised cash pooling system operated by Endurance Overseas S.r.l., and for € 3,000 thousand, a loan granted by the subsidiary to the Group.

Business outlook

The problems and uncertainties that characterised this last year are not likely to disappear any time soon. The International Monetary Fund recently issued forecasts that, despite the multiple risk factors existing on the international scene and even though they are lower than expected in January, see global GDP growth for 2022 of +3.6%, with +3.7% for the USA, +2.8% for the Euro Area (+2.3% for Italy and +2.1% for Germany) and +3.8% for emerging economies (+4.4% for China and +8.2% for India).

In early February 2022, before the conflict in Ukraine began, ACEA (the European Automobile Manufacturers' Association) forecast an increase in registrations in the European Union of 7.9% for the year 2022, mainly thanks to more stable supplies of semiconductor. No updated forecasts have been made subsequently, but the expectation is for a decidedly less favourable trend, as demonstrated by the preliminary figures for registrations in the month of April which show a contraction compared with the previous year of more than 20% for the most of the main European markets.

The result was also affected by temporary factors, such as the production stoppages suffered by manufacturers due to the absence of components from Ukraine, but it is a consolidated fact that waiting times for the delivery of vehicles to end customers are much longer than they were for many types of vehicles.

Temporary factors aside, which should hopefully be resolved quickly, there are still unknowns that are more difficult to resolve quickly because they are the result of geopolitical situations that seem definitively compromised. The sanctions and the progressive embargo already implemented or planned for supplies from Russia, for energy in particular, but also for basic materials and foodstuffs, will entail extra costs in procurement destined to weigh on the purchasing power of consumers and businesses with significant impacts in terms of inflation. This will also lead to an increase in interest rates, which have already risen significantly in recent months, and this will further reduce the share of those willing to take on debt to finance their propensity to consume.

Even the possibility that the emergence of new Covid-19 variants may induce some countries to carry on with periods of lockdown, could continue to cause disruptions in procurement and supply chains.

At the moment there is a lot of uncertainty because the outcomes and consequences that the various crisis scenarios will have on the fate of the world economy, and therefore on the repercussions for the Automotive sector, are not yet clear.

We are well aware of the complex context in which we will have to operate, so various activities have been planned to mitigate some of the adverse effects. For example, the investment initiative for the installation of photovoltaic systems for the production of energy for self-consumption has been speeded up.

It is important that the national and European authorities continue to support the economy, as shown by the latest measures that they have adopted. They need to address situations of general difficulty, those of a macroeconomic nature, which afflict Continental Europe in particular.

Investment programmes will continue to be implemented based on customer requests, while seeking to encourage greater flexibility for future reuse. The financial resources that we have available will make allow us to cover our commitments, certainly for the next 12 months, despite the persistence of external conditions that are far from optimal.

Based on the available product portfolio and in the absence of further serious external shocks, we believe we can achieve positive results in the coming year.

In addition, the resources that are available and can be found at the group level will make it possible to meet the commitments made, certainly for the next 12 months, and also allow opportunities on the acquisition front to be seized even in sectors that are alternative to the current business lines.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant and consequent to paragraph 3.6-bis of Art. 2428 of the Civil Code, we can confirm that the Group has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging IRS contracts in relation to some of these loans and Commodity Swaps contracts connected to the purchase of a portion of energetic resources needed by the Group. The fair value of these hedging instruments is discussed in the explanatory notes.

Lombardore, May 16th, 2022

For the Board of Directors
The Managing Director

Massimo Venuti

General information on the company

Company data

Name:	ENDURANCE OVERSEAS SRL
Registered office:	VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Quota capital:	16,105,263.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	05754620960
Tax code:	05754620960
REA Number:	1101893
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	642000
Company in liquidation:	no
Company with sole quotaholder:	no
Company subject to management control and coordination activities:	no
Name of the company or entity that exercises management and coordination activities:	
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements at 31/03/2022

Consolidated Balance Sheet

	March 31st, 2022	March 31st, 2021
Assets		
B) Fixed assets		
I - Intangible assets	-	-
1) start-up and expansion costs	4,178	5,697
2) development costs	3,847,386	2,970,191
3) industrial patent rights and intellectual property rights	1,215,623	1,638,090
4) concessions, licences, trademarks and similar rights	993,840	1,100,000
5) goodwill	1,416,255	1,167,147
6) assets under construction and advance payments	15,400	15,400
7) other	18,110	39,137
Total intangible assets	*7,510,792*	*6,935,662*
II - Tangible fixed assets	-	-
1) land and buildings	30,071,098	29,276,738
2) plant and machinery	62,428,254	65,185,413

	March 31st, 2022	March 31st, 2021
3) industrial and commercial equipment	780,876	1,184,649
4) other assets	499,682	491,672
5) assets under construction and advance payments	5,325,914	4,120,150
Total tangible fixed assets	*99,105,824*	*100,258,622*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	4,841	4,843
Total equity investments	*4,841*	*4,843*
2) receivables	-	-
d-bis) from others	329,480	813,188
due within one year	329,480	493,188
due beyond one year	-	320,000
Total receivables	*329,480*	*813,188*
4) derivative financial instruments assets	2,097,668	-
Total financial fixed assets	*2,431,989*	*818,031*
Total fixed assets (B)	*109,048,605*	*108,012,315*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	7,874,483	8,263,903
2) work in process and semi-finished products	11,076,264	7,843,760
4) finished products and goods	10,401,653	8,857,340
5) advances	16,631	16,631
Total inventories	*29,369,031*	*24,981,634*
Non current assets held for sale and discontinued operations	-	1,275,000
II - Receivables	-	-
1) from customers	14,013,232	21,622,567
due within one year	14,013,232	21,622,567
5) from parent companies	300,645	40,522
due within one year	300,645	40,522
5) from fellow subsidiaries	654,907	763,412
due within one year	654,907	763,412
5-bis) tax receivables	6,951,546	5,007,364
due within one year	6,951,546	5,007,364
5-ter) deferred tax assets	10,733,059	9,233,647
5-quater) due from others	1,609,719	1,293,142
due within one year	1,574,739	1,237,997
due beyond one year	34,980	55,145
Total receivables	*34,263,108*	*37,960,654*

	March 31st, 2022	March 31st, 2021
III - Current financial assets	-	-
6) other securities	32,325,948	31,406,015
Total current financial assets	*32,325,948*	*31,406,015*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	32,610,164	51,052,724
3) cash on hand	6,249	6,329
Total cash and cash equivalents	*32,616,413*	*51,059,053*
Total current assets (C)	*128,574,500*	*146,682,356*
D) Prepaid expenses and accrued income	**806,046**	**794,937**
Total assets	*238,429,151*	*255,489,608*
Liabilities and equity		
A) Quotaholders' equity	**103,019,905**	**94,828,376**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
II – Revaluation reserve	12,458,518	12,458,518
IV - Legal reserve	1,377,259	903,520
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	2,681,395	2,681,395
Paid-in for loss coverage	2,882,602	2,882,602
Consolidation reserve	19,397	19,397
Total other reserves	*5,583,394*	*5,583,394*
VII – Cash Flow Hedge reserve	1,513,582	-
VIII - Retained earnings (accumulated losses)	58,993,207	46,821,884
IX - Net income (loss) for the year	6,683,945	12,647,726
Total equity attributable to the Group	103,019,905	94,825,042
Equity pertaining to minorities	-	-
Minorities Capital and reserves	-	15,586
Minorities Net income (loss) for the year	-	(12,252)
Total Equity pertaining to minorities	-	*3,334*
Total consolidated quotaholder's equity	103,019,905	94,828,376
Total equity	103,019,905	94,825,042
B) Provision for risks and charges		
2) for current and deferred taxation	2,918,883	2,978,535
3) derivative financial instruments	5,703	87,891
4) Other	3,265,030	3,642,483
Total provisions for risks and charges	*6,189,616*	*6,708,909*
C) Employee termination indemnities	**3,010,523**	**2,949,445**
D) Payables		

	March 31st, 2022	March 31st, 2021
4) due to banks	39,087,413	58,535,886
due within one year	19,611,737	22,045,122
due beyond one year	19,475,676	36,490,764
5) Due to other lenders	1,291,993	3,426,705
due within one year	882,484	2,080,594
due beyond one year	409,509	1,346,111
6) advances	511,289	565,466
due within one year	511,289	565,466
7) trade payables	62,923,620	66,845,592
due within one year	62,923,620	66,845,592
11) payables due to parent companies	73,735	119,364
due within one year	73,735	119,364
11-bis) due to fellow subsidiaries	4,871,921	7,009,175
due within one year	4,871,921	7,009,175
12) taxation payable	1,543,494	952,639
due within one year	1,543,494	952,639
13) due to pension and social security institutions	2,837,012	2,771,303
due within one year	2,837,012	2,771,303
14) other payables	9,866,168	9,627,197
due within one year	9,766,168	9,617,279
due beyond one year	100,000	9,918
Total payables	*123,006,645*	*149,853,327*
E) Accrued expenses and deferred income	**3,202,462**	**1,149,551**
Total liabilities and quotaholders' equity	*238,429,151*	*255,489,608*

Consolidated Income Statement

	Year ended March 31st, 2022	Year ended March 31st, 2021
A) Value of production		
1) revenues from sales of goods and services	168,991,363	168,045,619
2) change in inventories of work in progress, semi-finished and finished products	4,265,054	(2,483,455)
4) increases in non-current assets from in-house production	1,952,794	1,541,197
5) other income and revenues	-	-
operating grants	1,428,021	1,535,075
other	4,472,254	3,471,793
Total other income and revenues	*5,900,275*	*5,006,868*

	Year ended March 31st, 2022	Year ended March 31st, 2021
Total value of production	*181,109,486*	*172,110,229*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	75,306,169	65,392,781
7) services	38,366,536	33,489,495
8) lease and rental charges	1,867,007	2,001,505
9) payroll	-	-
a) wages and salaries	29,715,308	29,100,457
b) social contributions	7,587,374	7,030,802
c) termination indemnities	1,500,391	1,293,850
e) other costs	485,322	637,766
Total payroll costs	*39,288,395*	*38,062,875*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	2,252,634	1,864,060
b) depreciation of tangible fixed assets	16,649,961	17,121,298
b) other fixed assets writedowns	-	245,905
d) writedowns of current receivables and liquid funds	12,043	10,464
Total depreciation, amortisation and writedowns	*18,914,638*	*19,241,727*
11) change in inventory of raw and ancillary materials, consumables and goods	(128,542)	696,428
13) other provisions	-	300,000
14) other operating expenses	2,033,436	1,429,812
Total cost of production	*175,647,639*	*160,614,623*
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**5,461,847**	**11,495,606**
C) Financial income and charges		
15) income from equity investments	-	-
other	67	-
Total income from equity investments	*67*	*-*
16) other financial income	-	-
a) receivables recorded under fixed assets	-	-
other	2,137	2,795
Total financial income from receivables recorded under fixed assets	*2,137*	*2,795*
d) income other than the above	-	-
other	323,597	442,441
Total income other than the above	*323,597*	*442,441*
Total other financial income	*325,801*	*445,236*
17) interest and other financial charges	-	-
to subsidiaries	-	-
to fellow subsidiaries	13,560	16,223
other	528,767	813,985

	Year ended March 31st, 2022	Year ended March 31st, 2021
Total interest and other financial charges	*542,327*	*830,208*
17-bis) exchange gains and losses	(7,795)	(4,584)
Total financial income and charges (15+16-17+-17-bis)	*(224,321)*	*(389,556)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
c) of current financial assets	26,887	-
d) of financial derivatives	87,891	35,827
Total revaluations	*114,778*	*35,827*
19) writedowns	-	-
c) current financial assets excluding equity investments	-	562,115
d) of financial derivatives	-	31,623
Total writedowns	*-*	*593,738*
Total adjustments to financial assets and liabilities (18-19)	*114,778*	*(557,911)*
Result before taxes (A-B+-C+-D)	**5,352,304**	**10,548,139**
20) Income taxes for the year, current and deferred		
current taxation	801,919	393,106
prior year taxation	3,033	(12,947)
deferred taxation	(2,136,593)	(2,561,466)
income (expense) from participation in the tax consolidation regime	-	(93,972)
Total income taxes for the year, current and deferred	*(1,331,641)*	*(2,087,335)*
21) Net income (loss) for the year	**6,683,945**	**12,635,474**
Net income (loss) attributable to the Group	**6,683,945**	**12,647,726**
Net income (loss) attributable to Minorities	**-**	**(12,252)**

Consolidated statement of cash flow (indirect method)

	Year ended March 31st, 2022	Year ended March 31st, 2021
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	6,683,945	12,635,474
Taxation	(1,331,641)	(2,087,335)
Interest expense/(interest income)	224,796	389,556
(Dividends)	-	-
(Gains)/losses from disposal of assets	(354,294)	(600,335)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*5,222,806*	*10,337,360*
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	1,500,391	1,593,850

	Year ended March 31st, 2022	Year ended March 31st, 2021
Depreciation and amortisation of fixed assets	18,902,120	18,985,358
Impairment losses	-	245,905
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	(114,778)	557,911
Other adjustments up or (down) for non-cash items	(94,333)	(256,658)
Total adjustments for non-cash items that had no counterpart in net working capital	*20,193,400*	*21,126,366*
2) Cash flow before changes in net working capital	*25,416,206*	*31,463,726*
Change in net working capital		
Decrease/(Increase) in inventory	(4,387,397)	3,235,892
Decrease/(Increase) in trade receivables	7,500,898	(2,411,843)
Increase/(Decrease) in trade payables	(6,237,060)	11,176,828
Decrease/(Increase) in prepaid expenses and accrued income	(11,109)	(305,581)
Increase/(Decrease) in accrued expenses and deferred income	2,043,947	(459,727)
Other decreases/(Other Increases) in net working capital	(1,176,221)	(5,335,147)
Total changes in net working capital	*(2,266,942)*	*5,900,421*
3) Cash flow after changes in net working capital	*23,149,264*	*37,364,147*
Other adjustments		
Interest collected/(paid)	(180,937)	(206,233)
(Income taxes paid)	(397,521)	(890,643)
Cashed-in dividends	-	-
(Use of provisions)	(1,937,635)	(6,007,507)
Total other adjustments	(2,516,093)	(7,104,383)
Cash flow from operating activities (A)	***20,633,171***	***30,259,765***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(14,423,156)	(14,245,602)
Disposals	563,164	1,406,102
Intangible assets		
(Investments)	(2,010,847)	(2.946.015)
Disposals	3,707	-
Financial fixed assets		
(Investments)		
Disposals	-	402,567
Current financial assets		
(Investments)	(919,933)	(16,108,862)
(Acquisition of subsidiaries net of cash and cash equivalents)	(603,676)	(478,462)
Cash flow from investing activities (B)	***(17,390,741)***	***(31,970,271)***
C) Cash flows from financing activities		

	Year ended March 31st, 2022	Year ended March 31st, 2021
Third-party funds		
Increase/(Decrease) in current bank loans	(875,041)	(92,570)
New loans	3,000,000	24,310,794
(Repayment of loans)	(23,810,029)	(25,320,969)
Paid-In capital increase	-	35.000
Cash flow from financing activities (C)	***(21,685,071)***	***(1.067.745)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(18,442,640)***	***(2.778.252)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	51,052,724	53.829.794
Cash on hand	6,329	7.511
Total cash and cash equivalents at the beginning of the year	51,059,053	53.837.305
Cash and cash equivalents at the end of the year		
Bank and postal deposits	32,610,164	51.052.724
Cash on hand	6,249	6.329
Total cash and cash equivalents at the end of the year	32,616,413	51.059.053
Acquisition or sale of subsidiaries		
Total amounts paid or received	(730,856)	(1.010.870)
Significant portion of amounts in cash and cash equivalents	(730,856)	(1.010.870)
Cash and cash equivalents acquired or disbursed with subsidiaries acquisition/disposal transactions	127,180	532.408
Carrying value of assets/liabilities acquired or sold	(11,190)	343.077

Information on the statement of cash flows

The consolidated statement of cash flows of the Endurance Group (Endurance Overseas S.r.l. and its subsidiaries) for the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

The item "Acquisition of subsidiaries, net of cash and cash equivalents" in the section on cash flows deriving from financing activities for the year 2021/2022 includes the cash outflow (Euro 731 thousand) for the acquisition of 100% and 99% stake of Veicoli S.r.l., net of the cash and cash equivalents (Euro 127 thousand) acquired as part of the same transaction.

ENDURANCE OVERSEAS SRL

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)
Tax Code and
Turin Companies Register No. 05754620960
Turin Chamber of Commerce No. 1101893
Quota capital: € 16,105,263.00 subscribed and fully paid
VAT Number: 05754620960
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED – India

Explanatory notes

Consolidated financial statements for the year ended 31/03/2022

Introduction to the explanatory notes

To the Quotaholder,

These explanatory notes form an integral part of the consolidated financial statements for the year ended March 31st 2022.

The consolidated financial statements of Endurance Overseas S.r.l. (the "Company" or "Parent Company"), which include the Company and its subsidiaries Endurance S.p.A., Endurance Engineering S.r.l., Endurance Castings S.p.A., Endurance Adler S.p.A. and Veicoli S.r.l. (collectively, the "Group") consist of the balance sheet, the income statement and the statement of cash flows (prepared in conformity with the requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The consolidated financial statements for the year ended March 31st 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board), including those introduced in December 2016, supplemented by amendments published on 29 December 2017, and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

In particular, the financial statement items are stated in accordance with the prudence concept and on a going concern basis.

The pandemic continued however to influence economic trends worldwide during the year, including the sector to which Endurance belongs. The Company was also affected by the slowdown in registrations of new vehicles, and therefore in demand for our goods and services, due to external events such as the difficulty of manufacturers in finding semiconductors and the increase in the cost of energy and raw materials.

Further aggravating the general picture were the serious repercussions that the conflict in Ukraine is causing at a macroeconomic level, starting in the latter part of the financial year, due to the continuing rise in energy and raw material prices. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. Given the significant amount of electricity and gas consumed in the Company's production process, the sharp rise in the cost of energy factors significantly impacted its results.

To help businesses cope with the consequences of expensive energy, some temporary concessions have been introduced to mitigate the increase in costs through the recognition of tax credits of variable amounts depending on whether or not they belong to the categories of "energy-intensive" or "gas-intensive" companies.

Despite the continuation of generalised uncertainty, the current liquidity of the Group together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned. In the preparation of the consolidated financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The Group's results and financial position at March 31st, 2021 give a true and fair view in compliance with the provisions of Legislative Decree 127/91 (as supplemented by the provisions of Legislative Decree 139/2015); where necessary, supplementary disclosures are provided as required by the 3rd paragraph of art. 29 of this decree.

The explanatory notes set out, in addition to the basis of consolidation, the accounting policies applied in the preparation of the consolidated financial statements, in compliance with relevant civil law. They also list the companies included in and excluded from the consolidation and present a reconciliation of the quotaholders' equity of the Parent Company reported in its separate financial statements with the equity reported in the consolidated financial statements.

Furthermore, the consolidated financial statements are accompanied by a Directors' report on the Group's position and the results of its operations.

Information on the composition of the Group

The Group is comprised as follows at March 31st, 2021:

Investee - Name	Held by - Name	Role	Nature of Parent Company control	% of direct control / % of voting rights	% consolidated
ENDURANCE OVERSEAS SRL	-	Parent Company	-	-	-
ENDURANCE SPA	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	100.00	100.00
ENDURANCE ENGINEERING SRL	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	100.00	100.00
ENDURANCE CASTINGS SPA	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	100.00	100.00
ENDURANCE ADLER SPA	ENDURANCE OVERSEAS SRL	Subsidiary	Diretto	100,00	100,00
VEICOLI SRL	ENDURANCE OVERSEAS SRL	Subsidiary	Diretto	100,00	100,00

As compared to the previous year, the consolidation area changed due to the entry into the scope of consolidation of Veicoli S.r.l., following the acquisition of the equity investment representing 100% of the share capital of the newly consolidated company, which took place on November 12th, 2021. The operations of Veicoli S.r.l. are included in the scope of the consolidated financial statements for the period from November 1st, 2021 to March 31st, 2022 (in this regard, it should be noted that the newly acquired company has proceeded to align the reference date of its fiscal year with that of the other group companies).

The investment - in the amount of Euro 731 thousand - was followed by the subsequent capitalization of the newly acquired company for a total of Euro 1.800 thousand, of which Euro 500 thousand were allocated to share capital and the remainder to reserves for future capital increases.

It should also be noted that on May 26th, 2021, a paid increase in the share capital of the subsidiary Endurance Adler S.p.A. was carried out for a total amount of Euro 2.0 million, of which Euro 720 thousand was allocated to share capital (thus becoming Euro 840 thousand), with a share premium of Euro 1,280 thousand.

Also in relation to Endurance Adler S.p.A., it should be noted that the company purchased the remaining shares owned by the shareholder Amfin Holding S.p.A., thus becoming the owner of a 100% stake in the share capital of the subsidiary in question.

All businesses belonging to the Group at the consolidated balance sheet date have been included in the scope of consolidation and the information required by art. 39 of Legislative Decree 127/91 is set out below:

Investee - Name	Head office	Capital
Businesses consolidated on a line-by-line basis:		
ENDURANCE SPA	VIA REGIONE POZZO 26 CHIVASSO (TURIN)	5,000,000
ENDURANCE ENGINEERING SRL	STRADA DEL CASCINOTTO 135/A TURIN	100,000
ENDURANCE CASTINGS SPA	CONCA D'ORO 14 - 14/A BIONE (BRESCIA)	900,000
ENDURANCE ADLER SPA	VIA DI VITTORIO 20/22 -- ROVERETO (TN)	840,000
VEICOLI SRL	VIA ARSENALE 33 - TORINO (TO)	500,000

Basis of preparation and consolidation

Basis of preparation of the consolidated financial statements

It is hereby confirmed that, for the purposes of providing a true and fair presentation of the results and financial position, there were no exceptions to the provisions of Legislative Decree 127/91 (as supplemented by Legislative Decree 139/2015).

The consolidated financial statements for the year ended March 31st, 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

In preparing the consolidated financial statements, we made use of the Group companies' financial statements for the year ended March 31st, 2022, as prepared by the Boards of Directors and that will be approved by their respective annual general meetings. The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account of consolidated companies, from which they have been directly prepared.

The financial statements used for the consolidated financial statements have been prepared in accordance with uniform accounting policies, being those applied by the Parent Company for its financial statements.

The consolidated financial statements have been prepared in euro, as have the detailed tables presented in these explanatory notes (unless specified otherwise). The comments on items state the consolidated amounts in thousands of Euro (unless specified otherwise).

Basis of consolidation

Equity investments in subsidiaries have been consolidated on a line-by-line basis.

In the preparation of the consolidated financial statements, all the receivables and payables due from/to businesses included in the consolidation have been eliminated, as well as income and expenses arising from intercompany transactions and gains and losses on intercompany asset transactions.

With reference to the consolidation of Veicoli S.r.l., it should be noted that the comparison between the book value of the equity investment owned and the corresponding shareholders' equity valued at current values on the date of first consolidation showed a positive difference of Euro 742 thousand, allocated to the assets in the consolidated balance sheet, as Goodwill, and amortized on a straight-line basis over 5 financial years.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Boards of Statutory Auditors of the consolidated companies, where present and when required by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied starting from the month following the acquisition of the asset as indicated below, in order to allocate the cost over the useful life of the assets:

Intangible assets	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Development costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Concessions, licences, trademarks and similar rights	10 years on a straight-line basis
Goodwill – portion emerging in consolidation – Endurance S.p.A.	10 years on a straight line basis (*)
Goodwill – portion emerging in consolidation – Endurance Adler S.p.A.	5 years on a straight line basis
Goodwill – portion emerging in consolidation – Veicoli S.r.l.	5 years on a straight line basis
Other intangible assets (leasehold improvements)	5 years on a straight line basis

(*) goodwill fully amortised during the year just ended.

It should be noted that no write-downs of these assets were needed in accordance with paragraph 1.3 of Art. 2426 of the Civil Code.

Any start up and expansion costs are recorded with the consent of the Board of Statutory Auditors. In the event of a distribution of dividends, enough distributable reserves are maintained to cover the unamortised portion of these costs.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Concessions, licences, trademarks and similar rights are amortised on a straight-line basis over the contractual period during which the related rights will be enjoyed.

Goodwill includes the amounts paid for this purpose on the acquisition of companies or other corporate transactions, as well as the differences arising on first-time consolidation between the value of the investments in consolidated companies and the carrying amount of their net assets and is amortised over its useful life.

In order to determine the useful life of the various components of this item, the Group applies the information available in order to estimate the likely duration of its economic benefits. Should the useful life of the various components of goodwill turn out to exceed 10 years, specific analyses are carried out to support the value determined on the basis of the longer useful life, as required by OIC 24.70. If this estimate cannot be made, goodwill is amortised over 10 years.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Group.

Intangible assets are subject to verification of their recoverable amounts in the event of any indication of possible impairment. In the event of any impairment loss existing at the year end, this is reflected in the financial statements by means of a write-down of the asset and a revision of its remaining expected useful life. The lower carrying amount, should the reasons for the write-down cease to exist, may be written back to the carrying amount that the asset would have had if it had not been subjected to write-down.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset becomes available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Buildings	3% - 5%
Temporary constructions	10%
General plant	7.5% - 10%
Automatic machines	10%
Sundry and minor equipment	25%
Foundry equipment	40%
Mechanical equipment	40%
Furniture and furnishings	12%
Electronic office machines	20%
Motor cars	25%
Transport vehicles	20%
Internal transport vehicles	20%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

It should noted that, in application of the provisions of OIC 16, during the previous financial year, the useful life of certain tangible fixed assets (specific machinery/automatic operating machinery and furnaces) was analysed and revised on the basis of the actual use of the assets in view of the production processes adopted: consequently, the depreciation rates were brought into line with the revised estimate of the useful life of the assets (from 15.5%, 17.5% and 15% to 10%, respectively).

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Finance leases are accounted for in accordance with IAS 17.

Impairment (tangible and intangible fixed assets)

At each reporting date, the Group determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Group estimates the recoverable value of each asset concerned and records an impairment write-down if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Group has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Financial fixed assets

The equity investments and debt securities classified as financial fixed assets will be held by the Group over the long term.

Equity investments are measured at cost, as adjusted for any impairment. The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Group be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Group is exposed. If in future years the reasons for the write-down cease to apply, the equity investment is written back to its original carrying amount.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, or the realisable value inferred from market prices.

In particular, the specific criteria used to measure the various categories of inventory (unchanged with respect to the prior year) are summarised below:

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the stage of completion of the production process, being the cost of production.
- Finished products: manufacturing cost
- Dies and tooling for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted, when necessary, by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve de-recognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables in the form of bank collection notices (so called "Ri.Ba.") that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees pursuant to article 2120 of the Civil Code, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for unused holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;
b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the annual general meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Income taxes

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the quotaholder.

It should be noted that the domestic tax group contract of the Endurance Group pursuant to arts. 117/129 of the Consolidated Income Tax Code (TUIR) is still valid, having begun in 2015. Its members include the Parent Company, as the consolidating company, and the subsidiaries Endurance S.p.A., Endurance Engineering S.r.l., Endurance Castings S.p.A. and Endurance Adler S.p.A., whereas the newly acquired subsidiary Veicoli S.r.l.is not included.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Consolidated explanatory notes – Consolidated assets

The following tables detail significant changes in the assets reported in the balance sheet.

Intangible assets

After having charged amortisation for the year of Euro 2,253 thousand, the balance of intangible assets is Euro 7,511 thousand.

The following table analyses intangible assets and the changes during 2021/2022:

CONSOLIDATED	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellect-tual property rights	Conces-sions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Assets in process of formation and advance payments	Total intangible assets
Balance at the beginning of the year								
Cost	81,296	6,133,919	4,163,602	1,200,000	24,696,884	3,544,064	15,400	39,835,165
Accumulated amortisation	75,599	3,163,728	2,525,512	100,000	22,918,381	3,504,927	-	32,288,147
Write-downs	-	-	-	-	611,356	-	-	611,356
Carrying amount	**5,697**	**2,970,191**	**1,638,090**	**1,100,000**	**1,167,147**	**39,137**	**15,400**	**6,935,662**
Changes during the year								
Additions	-	1,956,147	32,967	14,962	-	6,772	-	2,010,848
Amortisation for the year	1,519	1,153,822	455,434	121,122	492,938	27,799	-	2,252,634
Other changes	-	74,870	-	-	742,046	-	-	816,916
Total changes	*(1,519)*	*877,195*	*(422,467)*	*(106,160)*	*249,108*	*(21,027)*	*-*	*575,130*
Carrying amount at the end of the year								
Cost	81,296	8,287,253	4,196,569	1,214,962	25,438,930	3,552,320	15,400	42,786,730
Accumulated amortisation	77,118	4,439,867	2,980,946	221,122	23,411,319	3,534,210	-	34,664,582
Write-downs	-	-	-	-	611,356	-	-	611,356
Carrying amount	**4,178**	**3,847,386**	**1,215,623**	**993,840**	**1,416,255**	**18,110**	**15,400**	**7,510,792**

"Other changes" mainly refer to the change in the consolidation area following the consolidation of the newly acquired Veicoli S.r.l., with accounting effect from November 1st, 2021. In particular, these effects refer to both the value of the assets acquired at the date of first-time consolidation and the impact of the allocation to assets and liabilities of the differential emerging between the carrying amounts and the purchase price, as indicated below (amounts expressed in thousands of euros):

	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Assets in process of formation and advance payments	Total intangible assets
Area variation	-	75	-	-	-	-	-	75
Purchase price allocation	-	-	-	-	742	-	-	742
Other changes	**-**	**75**	**-**	**-**	**742**	**-**	**-**	**817**

The item "Development costs" includes the capitalisation of the costs incurred during the year in relation to the activities carried out by the Group for the development of new products and improved and innovative process implementations, carried out in the context of the activities of the technical and industrialisation departments, also as part of the research and development projects in which the Group companies participate. Under the item "Other changes" is included the effect of allocation of the value recognized to the know-how related to the development of solutions for two-wheel components acquired through the consolidation of Endurance Adler S.p.A.

The item " Industrial patent rights and intellectual property rights" mainly includes the value of patents owned by Endurance Adler S.p.A., including the value recognized to them at the time of acquisition in the previous fiscal year, related to the development of technologies put in place by the company.

The item " Concessions, licences, trademarks and similar rights" mainly includes the value associated with the "Grimeca" trademark acquired in the previous fiscal year, in the context of the transaction of entry of the business of Endurance Adler S.p.A. into the Group's scope of operations.

Goodwill at March 31st, 2022 includes:

- the net book value (Euro 422 thousand) of the difference arising on first-time consolidation of the equity investment in Haminoea S.r.l. (in turn the parent company of Endurance S.p.A.), subsequently absorbed by the Parent Company Endurance Overseas S.r.l. On consolidation, the merger deficit recorded in the financial statements of the Parent Company was eliminated as part of the process of determining the net carrying amount of the consolidation difference, pertaining to the actual Endurance S.p.A.;
- the residual value (Euro 400 thousand, net of amortization) of the consolidation difference that emerged during the previous year due to the first consolidation of Endurance Adler S.p.A.;
- the residual value (Euro 594 thousand, net of amortization) of the consolidation difference emerged during the current year first consolidation of Veicoli S.r.l.

The recoverability of the goodwill, which is amortised on the basis indicated above, is checked annually using the Discounted Cash Flows ("DCF") method. Group management has prepared economic-financial five-year forecasts for the individual companies, which indicate positive results over that period. Accordingly, the resulting assessment confirmed that that fair value of the Group's assets (both for Goodwill and other net assets) exceeds their corresponding carrying amounts.

Other intangible assets mainly include leasehold improvements (to rented buildings, in particular).

With specific reference to the assessment of impairment indicators resulting from the health emergency, also in response to the Group's request, the Directors carried out a careful analysis of projected cash flows (as indicated, with specific reference to Goodwill) and, based on currently available information, concluded that the value of fixed assets as of March 31st, 2022 is recoverable through future cash flows and, consequently, it was not necessary to carry out any write-downs pursuant to art. 2426, paragraph 1, no. 3 of the Italian Civil Code.

Tangible fixed assets

Tangible fixed assets, net of accumulated depreciation of Euro 16,694 thousand, total Euro 99,106 thousand compared with Euro 100,259 thousand in the prior year.

Land and buildings include the value of land and buildings relating to the Group's production sites, located in Lombardore, Chivasso and Grugliasco in Turin province, in Bione (Brescia province) and Rovereto (Trento province), including the structures used by Group companies under current finance lease contracts (for a net amount of Euro 1.3 million at March 31st, 2022).

Plant and machinery and commercial and industrial equipment include all of the assets used by Group companies in the production of components made of non-ferrous metals (mainly aluminium) and plastic: these are infrastructures used in pressure die casting (melting furnaces, die casting islands), as well as robotised lines and islands used for machining both metal and plastic parts. This item also includes plant and machinery used under finance lease contracts entered into by Group companies (for a total of Euro 1.1 million at March 31st, 2022).

The item "Assets under construction and advances" includes the value of advances paid to suppliers for the purchase, in particular, of plant and machinery and the value of assets purchased but awaiting approval for use in production. The amount posted during the year relates to down payments made to primary suppliers of production systems and installation of die-casting islands and mechanical processing lines in connection with projects to expand production capacity. In particular, in the die-casting perimeter, we highlight the advances outstanding for the future installation of 2 die-casting islands, planned at the Bione (BS) plant, while for the mechanical machining perimeter, the main projects started refer to new products for the VW customer and to the installation of a new automated mechanical machining line dedicated to the AUDI brand, whose completion is expected in the coming months, according to the timing consistent with the development of the Endurance Group's most recent industrial plans.

The following table analyses tangible fixed assets and the changes during the year:

CONSOLIDATED	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	49,111,434	181,613,691	28,186,208	4,554,818	4,120,150	267,586,301
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	19,638,004	123,935,822	26,915,339	4,070,274	-	174,559,439
Write-downs	196,692	1,834,941	86,220	72	-	2,117,925
Carrying amount	**29,276,738**	**65,185,413**	**1,184,649**	**491,672**	**4,120,150**	**100,258,622**
Changes during the year						
Additions	893,411	4,953,858	426,852	220,877	7,928,158	14,423,156
Depreciation for the year	1,626,640	14,033,173	771,340	218,333	-	16,649,486
Reclassifications (of the carrying amount)	1,527,589	6,469,805	-	-	(6,722,394)	1,275,000
Disposals (carrying amount)	-	147,649	61,217	3,711	-	212,577
Other changes	-	-	1,932	9,177	-	11,109
Write-downs	-	-	-	-	-	-
Total changes	*794,360*	*(2,757,159)*	*(403,773)*	*8,010*	*1,205,764*	*(1,152,798)*
Carrying amount at the end of the year						
Cost	53,577,970	189,847,050	28,527,739	4,712,380	5,325,914	281,991,053
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	22,635,034	134,926,340	27,660,643	4,219,826	-	189,441,843
Write-downs	871,838	1,834,941	86,220	72	-	2,793,071
Carrying amount	**30,071,098**	**62,428,254**	**780,876**	**499,682**	**5,325,914**	**99,105,824**

The main additions of the period refer to:

- Land and buildings: increases (Euro 0.9 million) primarily refer to improvements made by Group companies to their properties, partly in view of the relocation of the activities of the Grugliasco foundry to the Chivasso site, completed during the second half of the year, and the consequent transfer of the activities of subsidiary Endurance Engineering S.r.l., previously located in leased properties, to the Grugliasco site (completed during the first part of the current year);
- Plant and machinery (for a total of Euro11.7 million, including reclassifications of advances and assets under construction at the end of the previous year) regarded the installation and modernization of die-casting plants and mechanical processing islands (machinery, automation and control devices) mainly for the following purposes:
  - In the field of mechanical machining, the increases in production capacity related to existing projects in for Volkswagen customers in particular (evolutionary variants of the Zylinderkophaube project, Belt Cover project), Stellantis and BMW, as well as for the start of the implementation of production lines related to the most recently acquired orders, with the Volkswagen Group, in particular for the AUDI brand (Oil module, Oebelhalter), for a total of Euro 10 million, largely carried out in the context of the projects for automation and interconnection of production systems with a view to Industry 4. 0 (in continuity with what was carried out in previous years);
  - In the area of plastic moulding, investments were made for the completion of the implementation/outfitting of the new production site in Grugliasco (TO), which housed the activities of Endurance Engineering S.r.l., amounting to approximately Euro 0.7 million;
  - With reference to die casting activities, investments of approximately Euro 0.9 million related to the upgrade of production equipment at the foundry in Chivasso (TO) and Bione (BS) were made;
- With regard to industrial and commercial equipment, the increases recorded (approximately Euro 0.4 million) refer to the purchase of equipment for the projects described above, as well as for other production lines, and the replacement and extension of equipment for the mechanical processing islands of existing products.

Assets under construction and advance payments as of March 31st, 2022 refer to advances paid and costs for investments in progress, mainly referred to the most recently acquired projects – as previously indicated - referred to customers AUDI (for € 2.2 million), Volkswagen (€ 2.2 million), made by Endurance S.p.A., as well as additional costs for the preparation of production facilities of the other Group companies (advances amounting to Euro 0.5 million related to die-casting islands for the Bione (BS) plant and for a new test bench for the Rovereto (TN) plant, pertaining to Endurance Adler S.p.A.).

The item relating to reclassifications incorporates the net value of fixed assets, referring to the industrial complex in Rovereto (TN), which in the previous year had been reclassified under "Property, plant and equipment held for sale" against a preliminary agreement for sale signed at the end of the 2020/2021 financial year; following the unsuccessful finalization of the sale and taking into account the modified conditions and opportunity of use of the assets, the assets concerned were re-classified under fixed assets and shown net of the relevant depreciation accrued during the year.

"Other changes" occurring during the year refer to the change in the scope of consolidation that emerged as a result of the acquisition of Veicoli S.r.l. (in relation to the current value of the assets acquired at consolidation date).

It should be noted that no write-downs were deemed necessary pursuant to Article 2426, paragraph 1, no. 3 of the Italian Civil Code. With specific reference to the assessment of the impairment indicators resulting from the pandemic emergency, also in response to the requirements of the Group, the Directors carried out a careful analysis of the prospective cash flows and, based on the information currently available, concluded that the value of fixed assets as of March 31st, 2021 is recoverable through future cash flows.

In addition, based on the evidence of acceleration of the phase-out process of certain products emerging from the most recent evidences coming from the customers, as well as on the revision of the degree of use of specific plants, the Group has revised the useful life of certain assets (in particular plant and machinery specifically dedicated to the production of the mentioned products), reducing their residual life in a manner consistent with the estimates coming from the most updated information available, with a related impact on depreciation for the period.

Revaluations of tangible fixed assets

Pursuant to Art. 10 of Law No. 72 of 19 March 1983 and subsequent laws on revaluations of assets, it should be noted that certain assets (owned by Endurance S.p.A.) still included in the balance sheet have been revalued, the effect of which (in terms of gross revaluation value) is shown below:

Law	Category	Amount
Law No. 342/2000	Industrial and commercial equipment	106,463
Law No. 266/2005	Specific machineries and furnaces	438,412
Law No. 266/2005	Transport vehicles	7,200
Law No. 126/2020	Specific machineries	8,904,073

These revaluations have been made by increasing specific equity reserves, which cannot be distributed until such reserves have been reintegrated or reduced accordingly by resolution of an Extraordinary General Meeting (art. 6 of Law 72/83 and subsequent revaluation laws).

Financial fixed assets

This item is summarised in the following table:

Details	Amount at 31/03/2021	Additions / Increases	Consolidation area variation	Writedowns / Decreases	Amount at 31/03/2022
Equity investments in other companies	4,843	-	-	(2)	4,841
Receivables from others	813,188	-		(483,708)	329,480
Derivative financial instruments	-	2,097,668	-	-	2,097,668
Total	**818,031**	**2,097,668**	**-**	**(483,710)**	**2,431,989**

The equity investments recorded in the financial statements refer to:

- shares held in Banca di credito Valsabbia (Euro 2,442), Brescia Export (Euro 1,300), Eurofidi in Banca Intesa (Euro 250), Confartigianato Fidi Piemonte e Nord Ovest S.C.p.A. (Euro 155) and in Unionfidi Piemonte S.C. (Euro 129);
- shares in the Conai consortium (Euro 44), in AQM S.r.l. (Euro 516) and the residual in other equity investments.

The Group holds also an equity investment in the CONSAF training consortium in the amount of Euro 258, which has been fully written down as of the balance sheet date.

Long-term financial receivables as at March 31st, 2022 include (for Euro 320 thousand) receivables towards Amfin Holding S.p.A., the previous shareholder of Endurance Adler S.p.A., which provide for a repayment plan expiring in November 2022 and, for Euro 9 thousand, guarantee deposits paid to suppliers for various reasons.

The item "Derivative financial instruments" includes the positive fair value of derivative contracts, designated as hedging instruments for highly probable transactions, held by the Group as of March 31st, 2022. Specifically, these are:

- Interest rate swap contracts (having a positive Fair value of Euro 141 thousand) signed in previous years, with the purpose of mitigating the risk of fluctuations in variable interest rates underlying some of the existing loan contracts;
- 2 Commodity swap contracts signed during the 2021/2022 fiscal year (with a Fair value as of March 31st, 2022 amounting to Euro 1,957 thousand), aimed at mitigating the risk of increased costs of certain commodities (electricity and gas), activated following the market trends recorded in the second part of the current fiscal year.

The described contracts are accounted for in accordance with the cash flow hedge principle. The fair value expressed in the financial statements is based on mark-to-market valuations made available by the leading financial institutions with which the instruments are underwritten.

Inventories

Set out below are details of inventory at 31/03/2021, together with prior year end comparatives:

Description	31/03/2022	31/03/2021	Change	Change %
Raw materials, ancillary materials and consumables	7,874,483	8,263,903	(389,420)	-5%
Work in process and semi-finished products	11,076,264	7,843,760	3,232,504	41%
Finished products and goods	10,401,653	8,857,340	1,544,313	17%
Advances	16,631	16,631	-	0%
Total	**29,369,031**	**24,981,634**	**4,387,397**	**18%**

Inventories are recorded in the financial statements as at March 31st, 2022, net of an allowance for inventory write-downs, totalling Euro 5.766 thousand, adjusted during the year through a net increase for a total of Euro 149 thousand, allocated to take into account obsolete or slow-moving inventories mainly attributable to phase-out products based on the production trends of models affected by the updates of emission regulations.

The increase recorded as compared to previous year's figure relates to the combined effect of an increase in the value of the main raw material (aluminium alloy) recorded in the 2021/2022 fiscal year and the trend occurred in production absorption by customers; throughout the fiscal year, with effects also on the last part of the fiscal year, delivery programs from the customers have recorded fluctuating and slowing trends, due to the on-going criticality in international markets, exacerbated by the recent continental geopolitical turmoil, also with reference to the procurement of other components not directly related to the business of the Group companies, but which have led to production interruptions and slowdowns in main customers plants' level of activity.

It is specified that there were no inventories for which reductions in market value lower than book value were identified due to Covid-19 or due to cancellation of sales orders, and that these events were also not recorded as a direct cause of the on-going conflict in Ukraine, as the Company's customers and/or suppliers were not directly involved in these areas.

Non-current assets held for sale

As at March 31st, 2021 the caption amounted to Euro 1,275 thousand and included, in application of accounting principle OIC 16, the net book value as od that date of the Non-current assets held for sale. As mentioned in previous paragraph, following the failure to materialize the planned sale and taking into account the changed conditions and possibilities for reuse of the assets, the affected assets were again reclassified as fixed assets and subjected to the normal depreciation process in the year under review.

Receivables

Set out below are details of receivables at March 31st, 2022, with comparative prior year end amounts:

Description	31/03/2022 within 1 year	31/03/2022 beyond 1 year	31/03/2022 Total	31/03/2021	Change	Change %
Trade receivables	14,013,232	-	14,013,232	21,622,567	(7,609,335)	-35%
Receivables due from parent companies	300,645	-	300,645	40,522	260,123	642%
Receivables due from fellow subsidiaries	654,907	-	654,907	763,412	(108,505)	-14%
Tax receivables	6,951,546	-	6,951,546	5,007,364	1,944,182	39%
Deferred tax assets	10,733,059	-	10,733,059	9,233,647	1,499,412	16%
Other receivables	1,574,739	34,980	1,609,719	1,293,142	316,577	24%
Total	**34,228,128**	**34,980**	**34,263,108**	**37,960,654**	**(3,697,546)**	**-10%**

The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of Euro 740 thousand, which increased by Euro 12 thousand as compared to prior year.

Trade Receivable (Euro 14,013 thousand as of March 31st, 2022, compared to Euro 21,623 thousand as of March 31st, 2021) recorded a decrease compared to the previous year of Euro 7,609 thousand, attributable to the reduction in volumes recorded in the latter part of the current year compared to the corresponding period of the 2020/2021 financial year; (which was characterized by the recovery following the lock-downs related to the wider spread of the Covid-19 pandemic) as well as the general optimization of collection procedures, in relation to the mix of reference markets in addition to the finalisation of certain collections with earlier maturities than in the previous year.

No changes in the amount or terms of payment of receivables were identified, nor violations of contractual clauses related to the current Covid-19 pandemic, nor as a direct cause of the on-going conflict in Ukraine, as the Company's customers and/or suppliers are not directly involved in these areas.

Receivables from parent companies (Euro 331 thousand as at March 31st, 2022) refer to commercial transactions with the Indian parent company Endurance Technologies Limited.

The amounts due from fellow subsidiaries (Euro 655 thousand at March 31st, 2022, recording a decrease during the year) are related to commercial transactions, deriving mostly from the provision of administrative, financial and support services by Endurance Overseas S.r.l. to Endurance Amman GmbH (owned by Endurance Technologies Limited, or “ETL”, the parent of the Group) on the basis of specific service agreements governed on arm's-length terms.

Tax receivables (Euro 6,952 thousand at March 31st, 2022, up by Euro 1,944 thousand as compared to March 31st, 2021) mainly comprise IRES and IRAP tax credits representing the excess of advances over the related payables by Euro 2,659 thousand and Euro 311 thousand respectively, VAT receivables totalling Euro 1,347 thousand, the residual value of tax credits linked to R&D activities and investments in tangible fixed assets (for a total of Euro 1.400 thousand), the tax credit (pursuant to Decree Law No. 4 of January 27, 2022, "Sostegni-ter") for energy-consumer companies, accrued in the first quarter of 2022 (Euro 594 thousand), the tax credit (Euro 269 thousand) related to the conversion of the so-called “Super-ACE” (pursuant to Decree Law No. 73/2021, "Sostegni-bis"), as well as other tax credits. All outstanding tax credits have counterparts in the Italian Tax Authorities.

Deferred tax assets (Euro 10,733 thousand as of March 31st, 2021, up Euro 1,499 thousand on the previous year) refer to deductible temporary differences relating, in particular, to the statutory and tax value of tangible fixed assets (due to different depreciation rates applied) and provisions with deferred deductibility, as well as deferred tax assets posted during the year on the tax losses incurred by Group companies. In particular, with regard to deferred tax assets related to tax-losses, the accumulation of negative taxable income is the combined effect of the reduction in taxable income related to volume trends (impacted by both the effects of the continuing pandemic and the criticality of industrial sector supply chains, as well as energy cost trends) and the effect of the tax benefits obtained, particularly with reference to the extra-deductions related to the discipline of investment in high-tech tangible and intangible assets (so-called “super-amortization” and “hyper-amortization”) connected to Industry 4.0 discipline.

Such deferred tax assets have been recorded in the financial statements considering their probable future recovery, taking into account future taxable income determined on the basis of results consistent with management's most up-to-date estimates.

Current financial assets

Set out below are details of the item at March 31st, 2022, together with comparative prior year end amounts:

Description	31/03/2022	31/03/2021	Change	Change %
Other securities	32,325,948	31,406,015	919,933	3%
Total	**32,325,948**	**31,406,015**	**919,933**	**3%**

The item Other securities (Euro 32,326 thousand as at March 31st, 2022, up by Euro 920 thousand compared to the previous year) includes the amounts destined by the Group for non-durable investments, carried out as part of the policy of available liquidity utilization. These include in particular:

- insurance policies and investment fund units primarily including investments in insurance products (totalling Euro 17,000 thousand)
- European and US bonds (amounting to Euro 6,321 thousand); and
- units of funds with investments in collateralized promissory notes and units in alternative multi-compartment investment funds aimed at asset management (for a total of Euro 9,005 thousand).

These instruments, mainly purchased during the previous year, resulted in income (related to the reversal of previously recorded write-downs) amounting to Euro 27 thousand (inherent) in connection with the recognition at the lower of specific cost and current value. In compliance with the prudence principle, potential capital gains were not recorded. It should be pointed out that, for the portion relating to securities denominated in USD, the investment is subject to exchange rate risk since it was not deemed necessary to activate specific hedging instruments.

Cash and cash equivalents

Set out below are details of the item at March 31st, 2022 together with comparative prior year end amounts:

Description	31/03/2022	31/03/2021	Change	Change %
Bank and postal deposits	32,610,164	51,052,724	(18,442,560)	(36%)
Cash on hand	6,249	6,329	(80)	(1%)
Total	**32,616,413**	**51,059,053**	**(18,442,640)**	**(36%)**

This item principally comprises the balance on bank current accounts at March 31st, 2022.

The decreasing trend in the item should be read in conjunction with the change that occurred in the item related to "Curent financial assets," in which the accumulated cash investments of the Group are included. The overall decrease (Euro 17,523 thousand) was determined by the significant investments in tangible and intangible fixed assets made during the year (Euro 16,4 million), as well as by the combined effect of repayments of debts to banks and other lenders (totalling Euro 21.6 million) in relation to the contractual provisions of existing contracts, net of new agreements cash-in (Euro 3.0 million euros), partially off-set by the cash generated from operations (amounting to Euro 20.6 million).

These trends, recorded in a market scenario subject to contractions during the year, confirm the Group's strategies aimed at a treasury management oriented to maintaining a high level of liquidity (further strengthened following the liquidity provisioning carried out in the months immediately after march 31st, 2022), with the aim of guaranteeing the Group the availability of resources to support its growth and investment strategies, as well as to ensure the sources of liquidity necessary to face the possible continuation of the slowdowns recorded in the economic recovery, in the context of the turbulence related to commodities market (especially energy) and the most recent geo-political events.

Finally, with reference to the effects on the Group's cash and cash equivalents, the change in the consolidation area, due to the entry of Veicoli S.r.l., led to the increase of cash and cash equivalents amounting to Euro 127 thousand.

See the statement of consolidated cash flows for more complete details of the operating and financial cash flows that have funded the Group's investment activities.

Prepaid expenses and accrued income

Prepaid expenses and accrued income total Euro 806 thousand at March 31st, 2022 (compared with previous year Euro 794 thousand) and mainly relate to prepaid insurance, INAIL premiums, maintenance charges and other costs pertaining to subsequent years.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

Explanatory notes – Consolidated liabilities and equity

The most significant changes in liabilities and equity are analysed in the following schedules.

Equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

The following tables covering the past two years present the changes in equity and details of the other reserves reported in the balance sheet.

The changes in equity during the prior year are analysed below:

Description	Balance at 01/04/2020	Allocation of the prior year result	Other changes – Area variation	Other changes – Re-valuation	Result for the year	Balance at 31/03/2021
Quota capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Revaluation reserve	3,821,567	-	-	8,636,951	-	12,458,518
Legal reserve	718,650	184,870	-	-	-	903,520
Extraordinary reserve	2,681,395	-	-	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	-	-	2,882,602
Consolidation reserve	19,397	-	-	-	-	19,397
Other reserves	-	-	-	-	-	-
Retained earnings (accumulated losses)	31,221,559	15,580,911	19,414	-	-	46,821,884
Net income (loss) for the year	15,765,781	(15,765,781)	-	-	12,647,726	12,647,726
Total equity attributable to the Group	**73,520,951**	**-**	**19,414**	**8,636,951**	**12,647,726**	**94,825,042**
Wquity attributable to minority interest	-	-	15,586	-	(12,252)	3,334
Total equity	**73,520,951**	**-**	**35,000**	**8,636,951**	**12,635,474**	**94,828,376**

The changes in equity during the year ended March 31st, 2022 are analysed in the following table:

Description	Balance at 01/04/2021	Allocation of the prior year result	Other changes – Area variation	Other changes – Cash flow hedge	Result for the year	Balance at 31/03/2022
Quota capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Revaluation reserve	12,458,518	-	-	-	-	12,458,518
Legal reserve	903,520	473,739	-	-	-	1,377,259
Extraordinary reserve	2,681,395	-	-	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	-	-	2,882,602
Consolidation reserve	19,397	-	-	-	-	19,397
Other reserves	-	-	-	-	-	-
Cash flow hedge reserve	-	-		1,513,582		1,513,582
Retained earnings (accumulated losses)	46,821,884	12,173,987	(2,666)	2	-	58,993,207
Net income (loss) for the year	12,647,726	(12,647,726)	-	-	6,683,945	6,683,945
Total equity attributable to the Group	**94,825,042**	**-**	**(2,666)**	**1,513,584**	**6,683,945**	**103,019,905**
Wquity attributable to minority interest	3,334	-	(3,334)	-	-	-
Total equity	**94,828,376**	**-**	**(6,000)**	**1,513,584**	**6,683,945**	**103,019,905**

With reference to other changes in quotaholders' equity, the following should be noted:

- the effect relating to the change in the scope of consolidation, connected the acquisition of the minority shareholders' portion of Endurance Adler S.p.A. stake;
- the increase in the "Cash flow hedge reserve", which includes the amount - recorded net of the related tax effect - of the effective portion of the changes in fair value recorded in outstanding derivative contracts entered into for the purpose of hedging cash flows associated with highly probable planned transactions; in accordance with applicable standards, the Group, at the time of recognition of the asset or liability related to the highly probable transaction, reverses, from the reserve, the corresponding amount of derivative instrument effective portion, including it directly in the book value of the asset or liability, with the effect of adjusting, in the income statement, the income/cost of the underlying transaction.

The effects of the changes occurred during the year in the Cash flow hedge reserve are detailed below:

	Interest rate swap	*Commmodity swap*	Total
Cash flow hedge reserve - Net value as of March 31st, 2021	**-**	**-**	**-**
Increase: change Fair value (effective component) of derivative instruments	76,335	2,262,227	2,338,562
Decrease: reversal to income statement due to realization of underlying transactions	58,928	(305,525)	(246,597)
Cash flow hedge reserve - Gross value as of March 31st, 2022	**135,263**	**1,956,702**	**2,091,965**
Deferred taxes	(32,463)	(545,920)	(578,383)
Cash flow hedge reserve - Net value as of March 31st, 2022	**102,800**	**1,410,782**	**1,513,582**

The following table gives a reconciliation between parent company's equity and result and the Group's equity and result:

Description	Equity - current year	Result - current year	Equity - prior year	Result - prior year
Equity and results in the Parent Company's financial statements	**47,497,622**	**1,363,803**	**46,137,832**	**9,474,770**
Contribution from consolidated companies	105,429,811	5,727,946	94,395,458	10,338,953
Elimination of carrying value of equity investments	(52,349,281)	-	(47,812,426)	-
Consolidation adjustments:				
Recognition of difference on consolidation	1,352,239	(489,168)	1,099,362	(340,759)
Distribution of dividends	-	-	-	(7,000,000)
Effect of accounting for leases under IAS 17	611,774	52,071	559,704	146,041
Elimination of intercompany profits	(517,945)	(73,601)	(444,344)	(53,485)
Accounting for intercompany leasehold improvements	995,685	102,894	892,792	69,953
TOTAL	*55,522,283*	*5,320,142*	*48,690,544*	*3,160,703*
Equity and net income (loss) attributable to the Group	**103,019,905**	**6,683,945**	**94,828,376**	**12,635,473**
Equity and net income (loss) attributable to minority interest	**-**	**-**	**3,334**	**(12,252)**
Equity and result in the consolidated financial statements	**103,019,905**	**6,683,945**	**94,825,042**	**12,647,726**

Provisions for risks and charges

The changes during the year are analysed in the following table:

Description	31/03/2021	Consolidation area variation	Increases	Decreases	31/03/2022	Change	Change %
Provision for pensions and similar commitments	-	-	-	-	-	-	-
Provision for current and deferred taxation	2,978,535	-	63,158	(122,810)	2,918,883	(59,652)	-2%
Derivative financial instruments	87,891	-	-	(82,188)	5,703	(82,188)	-94%
Other provisions for risks and charges	3,642,483	90,000	-	(467,453)	3,265,030	(377,453)	-10%
Total	**6,708,909**	**90,000**	**63,158**	**(672,451)**	**6,189,616**	**(519,293)**	**-8%**

The Provisions for risks and charges at March 31st, 2022 include:

- Deferred tax liabilities (Euro 2,919 thousand at March 31st, 2022, down by Euro 60 thousand compared with the previous year): this caption principally comprises the deferred taxes recognised on the allocation of consolidation differences to specific assets (especially the property investments held by the Group). The additional value identified on consolidation is not relevant for tax purposes; accordingly, this provision is being used to neutralise the additional taxes recorded in the current and future years, due to the non-deductibility of the depreciation charged on the higher asset values. The change during the year principally reflects reversals linked to the depreciation of these revalued assets, net of the tax effect of other main consolidation entries (with regard, in particular, to the recognition of intercompany leasehold improvements and of leasing contracts using finance lease methodology);
- Derivative financial instruments (Euro 6 thousand at March 31st, 2022, compared with Euro 88 thousand the previous year): in accordance with OIC 32, this item includes the negative fair value of certain derivatives arranged by the Group to hedge the risk of fluctuations in the interest rates charged on long-term loans (interest rate swaps and interest rate caps);
- Other provisions for risks and charges (Euro 3,265 thousand as at March 31st, 2022, down by Euro 377 thousand compared to the previous financial year, net of the change in the consolidation area): the item includes the residual portion of pre-existing provisions, made to cover liabilities of various kinds (commercial, tax, labour law, etc.), based on the Group's best estimate of their quantification, carried out on the basis of the information available. The changes during the year mainly refer to uses of liabilities identified during previous years at the time of first-time consolidation of Endurance Adler S.p.A. and Endurance Castings S.p.A., in relation to the forecast of unfavourable economic effects as

a consequence of commercial and corporate risks that arose during the period under review, as well as the release of some provisions made in previous years following a review of the best estimate of the risks involved.

Provision for employee termination indemnities

The provision is stated net of advances and amounts paid on the termination of employment during the course of the financial year and represents the actual liability due to employees at the balance sheet date.

Description	31/03/2021	Provision	Utilisations	Other changes	31/03/2022
Provision for employee termination indemnities	2,949,445	465,733	(410,960)	6,305	3,010,523
Total	**2,949,445**	**465,733**	**(410,960)**	**6,305**	**3,010,523**

This provision is stated net of the amounts paid to supplementary pension funds, if specified by the employees concerned, and includes the amounts that some employees have decided to leave with their specific employer. The amounts retained by the Group, including the historical provisions not transferred to the INPS Treasury Fund, Previndai, Fondo Cometa or other supplementary pension funds, are re-valued for the effects of inflation in accordance with legal requirements.

The item "other changes" includes the effects of the change in the consolidation area, following the entry of Veicoli S.r.l. in the Group.

Payables

Set out below are details of payables at March 31st, 2022, together with prior year end comparatives:

Description	31/03/2022 within 1 year	31/03/2022 beyond 1 year	31/03/2022 Total	31/03/2021 Total	Change	Change %
Due to banks	19,611,737	19,475,676	39,087,413	58,535,886	(19,448,473)	-33%
Due to other lenders	882,484	409,509	1,291,993	3,426,705	(2,134,712)	-62%
Advances	511,289	-	511,289	565,466	(54,177)	-10%
Trade payables	62,923,620	-	62,923,620	66,845,592	(3,921,972)	-6%
Payables due to parent companies	73,735	-	73,735	119,364	(45,629)	-38%
Payables due to fellow subsidiaries	4,871,921	-	4,871,921	7,009,175	(2,137,254)	-30%
Tax payables	1,543,494	-	1,543,494	952,639	590,855	62%
Due to pension and social security institutions	2,837,012	-	2,837,012	2,771,303	65,709	2%
Other payables	9,766,168	100,000	9,866,168	9,627,197	238,971	2%
Total	**103,021,460**	**19,985,185**	**123,006,645**	**149,853,327**	**(26,846,682)**	**-18%**

Amounts due to banks include both the short-term portion (amounting to Euro 19,612 thousand) and the portion beyond 12 months (amounting to Euro 19.476 thousand) of amounts due to primary credit institutions, relating to the balance of liabilities linked to current medium/long-term loan agreements. It should be noted that the change in the consolidation area led to an increase in the balance of amounts due to banks of Euro 58 thousand.

During the year 2021/2022, The Group contracted one unsecured loan for a total nominal amount of Euro 3,000 thousand, signed in May 2021 with the Unicredit group, with a total duration of 5 years. This loan was obtained on particularly favourable terms, being able to benefit from the guarantee issued by the MCC as part of the measures adopted by the Italian government to support companies affected by the Covid-19.

The following is a breakdown of medium-term loans outstanding at March 31st, 2022:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2021	Within one year	Beyond one year
Gruppo Banco Popolare	10,000,000	30/11/2017 - 5	1,506,021	1,506,021	-
Mediocredito	10,000,000	26/10/2018 - 5	3,000,000	2,000,000	1,000,000
Banca Nazionale del Lavoro	5,000,000	07/12/2018 - 5	2,000,000	1,000,000	1,000,000
Cariparma - Credit Agricole	3,000,000	20/02/2019 - 5	1,217,106	605,666	611,440
CREDEM	5,000,000	10/12/2019 - 4	2,199,799	1,254,675	945,124
Intesa San Paolo	10,000,000	29/01/2020 - 4	5,000,000	2,500,000	2,500,000
Banca Nazionale del Lavoro	5,000,000	01/04/2020 - 5	3,250,000	1,000,000	2,250,000
Gruppo Banco Popolare	10,000,000	30/04/2020 - 5	6,348,081	2,103,397	4,244,684
MCC - Fondo crescita sostenibile	2,705,489	29/04/2020 - 8	2,211,285	332,773	1,878,512
Unicredit (MCC)	5,000,000	21/01/2021 - 5	4,000,040	999,980	3,000,060
Unicredit	10,000,000	04/07/2017 - 5	1,250,000	1,250,000	-
UBI	3,000,000	19/07/2017 - 5	203,519	203,519	-
BNL	5,000,000	27/10/2017 - 5	750,000	750,000	-
UBI	3,000,000	19/02/2020 - 3	922,842	922,842	-
UBI	2,000,000	19/02/2020 - 3	2,000,000	2,000,000	-
UBI	2,000,000	29/01/2018 - 5	338,549	338,549	-
Unicredit	1,000,000	19/04/2019 - 4	317,616	253,715	63,901
Unicredit (MCC)	3,000,000	07/05/2021 - 5	2,550,182	599,858	1,950,324
Unicredit	30,000	08/03/2021 - 6	30,000	-	30,000
Banca Alba	56,000	27/02/2019 - 5	23,129	11,964	11,165
Total nominal value	**104,705,489**		**39,118,169**	**19,632,959**	**19,485,210**
Amortized cost effect			(30,756)	(21,222)	(9,534)
Totale	**104,705,489**		**39,087,413**	**19,611,737**	**19,475,676**

On-going contracts are regulated on the basis of the quarterly and/or six-monthly EURIBOR rate, with application of spreads varying between 0.002%, for the most recent contracts (in particular for a contract stipulated with the release of the guarantee by Medio Credito Centrale pursuant to Legislative Decree no. 23 dated April 8th, 2020), and 2.55% for the pre-existing contract of newly acquired companies, in consideration of the market conditions at the time of signing and the duration of the loan. It should be noted that, as at March 31st, 2022, the portion of payables with a maturity longer than 5 financial years amounts to Euro 520 thousand.

The amounts due to other lenders include the outstanding liabilities to leasing companies (Euro 1,292 thousand as at March 31st, 2022, down by Euro 2,135 thousand on the previous year, with immaterial effect connected to the consolidation area variation). During the year the value decreased due to the repayment of the portions contractually agreed upon, as well as the acquisition of the expired contract assets, specifically in relation to the redemption (impact of Euro 992 thousand) concerning the industrial complex located in Bione (BS).

The outstanding liability to other lenders at Marche 31st, 2022 comprises:
- Euro 882 thousand due within 12 months;
- Euro 410 thousand due within 5 years; and
- no liabilities due beyond 5 years.

The amount of trade payables, equal to Euro 62,924 thousand as of March 31st, 2022, decreased by Euro 3,922 thousand compared to the previous financial year, due to the performance of the Group's activities and procurement policies put in place, particularly taking into account the market trend in the last months of the year under review, which was impacted by some elements of slowdown in the market and supply chains, compared to the corresponding period of the previous year, which had on the contrary been characterized by the post-first pandemic wave recovery phase. The value included in the financial statements as of March 31st, 2022 includes the liabilities (approximately 3.6 million euros) related to the fixed assets investments made in the last part of the period under review in relation to the Group's production capacity increase for new projects.

Payables due to parent companies (Euro 74 thousand at March 31st, 2022) refer to commercial transactions with the parent company Endurance Technologies Limited.

Payables to fellow subsidiaries (Euro 4,872 thousand at 31/03/2022, down by Euro 2,137 thousand compared to the previous financial year) refer to transactions with the foreign subsidiary Endurance Amann GmbH and include, for Euro 1,872 thousand, to the centralized treasury management (cash pooling) operated by Endurance Overseas S.r.l. and for Euro 3,000 thousand to a loan granted by the subsidiary to the Group.

With reference to tax payables (Euro 1,543 thousand at March 31st, 2022, up by Euro 591 thousand compared to the previous financial year), note that the increase in the item is mainly determined by the accrual of tax liabilities for the period (particularly for higher withholding taxes on income from employees and self-employed persons) and the effect of the change in the scope of consolidation (in the amount of Euro 25 thousand).

The increase recorded under payables to social security institutions (moving from Euro 2,771 thousand to Euro 2,837 thousand during the 2021/2022 financial year) is attributable to the change in the consolidation area for Euro 15 thousand.

Other payables (Euro 9,866 thousand, up by Euro 239 thousand compared to the previous year) mainly consists of payables to employees (Euro 9,154 thousand) for salaries and payroll accruals to be paid.

No changes in the amount or terms of payment of debts, nor violations of contractual clauses occurred with reference to the current Covid-19 pandemic, nor as a direct cause of the on-going conflict in Ukraine, as the Group's customers and/or suppliers are not directly involved in these areas.

Debt secured by collateral

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, it is hereby certified that the amounts due to banks recorded in the financial statements as of March 31st, 2022 do not include any amounts secured by collateral on the Company's assets.

Accrued expenses and deferred income

Accrued expenses and deferred income total Euro 3,202 thousand at March 31st, 2022 (up from Euro 1,150 thousand at the end of the prior year) and include, among others the deferral of grants pertaining to future years, referring (for Euro 1,117 thousand) to grant related to the purchase of new capital goods made pursuant to Article 1, paragraphs 184-197, of Law 160/2019, to be accounted for on the basis of the depreciation of the underlying assets and (for Euro 428 thousand Euro) to portions of grant received in advance in the context of research projects financed, to be linked to future planned expenses.

Explanatory notes - Consolidated income Statement

Value of production

The value of production during 2021/2022 is analysed below on a comparative basis:

Description	Year 2021/2022	Year 2020/2021	Change	Change %
Revenues from sales of goods and services	168,991,363	168,045,619	945,744	1%
Changes in inventories of work in progress, semi-finished and finished products	4,265,054	(2,483,455)	6,748,509	-272%
Increases in fixed assets for internal production	1,952,794	1,541,197	411,597	27%
Other revenues	5,900,275	5,006,868	893,407	18%
Total	**181,109,486**	**172,110,229**	**8,999,257**	**5%**

Sales revenues for the year (which also include income from the sale to customers of specific equipment used in production, where provided for in existing contractual agreements) were up 1% compared to the previous year, and continued, in the year under review, to be affected by the contraction of the reference market, which was impacted during the year by both the effects of the most recent pandemic waves (even if to a lesser extent as compared to previous year) as well as by critical supply issues on certain commodity supply chains, with related effects on prices, and, especially in the second part of the 2021/2022 fiscal year, by the upward race in energy costs, which resulted, particularly in high energy-consumer sectors, such as manufacturing/metallurgy, in the need to confront prices incomparable with the trends of past fiscal years. To the above must then be added, in the final part of the fiscal year, the effects on markets of geo-political tensions at the continental level, resulting from the worsening of the Russian-Ukrainian war situation.

All of the above determined, at the level of market absorption capacity, the confirmation of volumes well below the pre-pandemic thresholds, registering for some periods of the year, significant reductions even with respect to the previous year, characterized by the - unfortunately unconfirmed - attempts at recovery following the lock down periods. This trend was further exacerbated by business continuity problems at end-customer plants, which faced production shutdowns during the year related to critical issues in supply chains other than that of the Endurance Group, however, with effects also suffered by the Group following re-planning of deliveries and production schedules.

This trend was only partially mitigated by the increasing effect on the value of the Group's main raw material (secondary aluminium alloys), the price changes of which are, based on the main commercial agreements in place, subject to recognition by end customers.

Sales revenues were non-materially impacted by the effect of changes in the scope of consolidation (the contribution of Veicoli S.r.l. for the period since the first date of consolidation was in fact approximately Euro 0.3 million).

The described trends that impacted business volumes were manifested, with reference to customers from the Group, across all major customers, both domestically towards the Stellantis Group and CNHI, and internationally for the Volkswagen Group in particular, Daimler and BMW.

Regarding the increase in inventories, reference should be made to the comment on inventories in the balance sheet.

The item “Increases in fixed assets for internal production” primarily makes reference to the capitalization of development costs relating to R&D activities carried out by Group companies regarding the development of new products and the implementation of process improvements and innovations (the costs subject to capitalization primarily regard the production factors employed, payroll costs and the depreciation of capital goods used by companies, including those relating to co-financed and granted R&D projects).

Other revenues include, among others, the proceeds deriving from the recovery from customers of the costs for packaging, recharges and miscellaneous sales, as well as the incomes of the Parent Company for services provided under the Service Agreement in place in favour of Endurance Amann Gmbh, subject to the control of the ultimate Parent company, and for the charge-back of costs personnel seconded to the same German subsidiary, as well as the share pertaining to the year (Euro 1,428 thousand) of the grants obtained during the year in connection to the use of photovoltaic plants, following the measures put in place by the Government for energy-consumer companies and those, in the form of tax credits, related to investment in capital goods and research and development expenses described above.

The following table provides details of revenues from sales and services by geographical area:

Geographical area	Year 2021/2022	Weight %	Year 2020/2021	Weight %	Change	Change %
ITALY	97,279,246	58%	94,677,955	56%	2,601,291	3%
GERMANY	32,357,109	19%	35,955,365	21%	(3,598,256)	-10%
HUNGARY	20,487,732	12%	19,164,461	11%	1,323,271	7%
POLAND	5,649,010	3%	7,266,356	4%	(1,617,346)	-22%
ROMANIA	2,810,322	2%	2,772,939	2%	37,383	1%
OTHER EU COUNTRIES	6,211,633	4%	4,255,541	3%	1,956,092	46%
NON-EU COUNTRIES	4,196,311	2%	3,953,002	2%	243,309	6%
Total	**168,991,363**	**100%**	**168,045,619**	**100%**	**945,744**	**1%**

With reference to the breakdown by category of activity, it should be noted that the revenues from sales and services of the Group refer entirely to income relating to the core business, represented by the supply of powertrain components (parts for engines and transmissions), for suspensions and bodywork for the automotive sector and related activities, and aimed at the OEM (Original Equipment Manufacturer) market, operating mainly as Tier 1 supplier towards the principal European car makers.

Costs of production

Set out below are details of the trend in operating costs together with prior year comparatives:

Description	Year 2021/2022	Year 2020/2021	Change	Change %
Raw materials, ancillary materials and goods for resale	75,306,169	65,392,781	9,913,388	15%
Services	38,366,536	33,489,495	4,877,041	15%
Lease and rental charges	1,867,007	2,001,505	(134,498)	-7%
Payroll costs				
Wages and salaries	29,715,308	29,100,457	614,851	2%
Social contributions	7,587,374	7,030,802	556,572	8%
Employee termination indemnities and pension	1,500,391	1,293,850	206,541	16%
Other payroll costs	485,322	637,766	(152,444)	-24%
Depreciation, amortisation and writedowns				
Amortisation of intangible assets	2,252,634	1,864,060	388,574	21%
Depreciation of tangible fixed assets	16,649,486	17,121,298	(471,812)	-3%
Writedown of receivables included in current assets	-	245,905	(245,905)	-
Writedown of receivables included in current assets	12,043	10,464	1,579	-
Change in inventories of raw materials	(128,542)	696,428	(824,970)	-118%
Other Provisions	-	300,000	(300,000)	-
Other operating expenses	2,033,436	1,429,812	603,624	42%
Total	**175,647,164**	**160,614,623**	**15,032,541**	**9%**

Overall, operating costs for the year increased compared with the previous year (up 9% overall), more than consistent with the trend in the value of production, for the causes mentioned below, resulting in a decrease in the operating margin (difference between value and cost of production), which for the year under review amounted to 3.0%, compared to 6.7%, in the previous year.

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The ratio of the items as a percentage of the value of production - read in conjunction with the change in raw material inventories - is overall increased when compared with that of the comparison year (amounting to 67% of sales, compared with 59% in fiscal year 2020/2021), in relation to the effects described that have impacted the trend in prices and availability of raw materials, with consequent effect also on indirect supplies, and, above all, energy costs (both those incurred directly to power the Group's production plants and those included in external processing activities). These trends have been partly mitigated through cost-efficiency initiatives by the Group (both through recourse to government support made available, and implementing policies to hedge the risks of changes in commodity prices - with the signing of derivative contracts - as well as with the planning and start-up in the early months of the 2022/2023 financial year, of specific investments aimed at increase the utilization of renewable energy sources, to cover a portion of energy needs with self-production).

Lease and rental charges

This item (which decreased by Euro 134 thousand compared to the previous year, as a result of the reduction in lease and rental contracts made over the past two fiscal years) mainly includes costs relating to rentals to third parties of the operating structures of Group companies, and for various operating rentals.

Payroll costs

Overall, the caption showed a slight increase of about 3% as compared to the previous year, with the change lower than the trend in variable costs and sales revenues, reflecting the effects of efficiencies in the use of production resources implemented by the Group in the context of fluctuating production trends described above.

The item includes the whole expense for employees, including the effects of bonuses, promotion, the cost of unused vacations and provisions pursuant to the law and collective labour agreements, as well as the charges deriving from the retention plan defined in favour of the company's management, which is conditional on the economic/financial results achieved in Europe and on the employee remaining with the company until a predefined minimum deadline. The figure also includes the cost of temporary staff, with the exception of the portion relating to the service provided by temporary employment agencies (which is included into item B7).

The cost of personnel dedicated to research and development activities, for the portion that was capitalized during the year, amounted to Euro 2.0 million, including the activities carried out in the context of on-going process and product innovation projects, as well as those carried out in the context of specific R&D initiatives, partially contributed at the national and international level.

Depreciation and amortisation

Depreciation of tangible and intangible assets is calculated on the basis of the technical useful life of the asset and its exploitation in the production phase. During the year, the group recorded depreciation and amortization for a total value of Euro 18,902 thousand, in substantial alignment (reduction of Euro 83 thousand) with the value of the previous year: this trend was impacted by the combined effect of the decrease in the amortization quota related to revisions of the useful lives of projects and/or phase-outs of certain specific products, and the increase related to the inclusion, in the item, of the amortization quota pertaining to the year related to the revaluation of fixed assets carried out in the previous year within the framework of L.126/20.

Financial income and charges

Financial income and charges recorded in the year ended March 31st, 2022 are analysed on a comparative basis in the following table:

Description	Year 2021/2022	Year 2020/2021	Change	Change %
Financial income	325,801	445,236	(119,435)	-27%
Financial charges	(542,802)	(830,208)	287,406	-35%
Exchange gains and losses	(7,795)	(4,584)	(3,211)	70%
Total	**(224,796)**	**(389,556)**	**164,760**	**-42%**

Financial income refers to interest income accrued on positive current bank account balances and long-term financial receivables in place, as well as capital gains recorded in connection to transactions on securities and bonds operated during the year (the change in which occurred in the year under review mainly led to the reduction recorded compared to the previous year).

Financial expenses (Euro 543 thousand in the year, down 35% on the previous year) mainly include interest expense on medium-term loan agreements in place during the year and those relating to the management of short-term loan transactions (such as, for example, advances on invoices, advances on cash flows, factoring and/or cash management transactions). The reduction in the year under review compared with the comparison period is mainly related to the trend in interest rates and the reduction in the value of the group's average financial debts.

Foreign exchange gains and losses (net expense of Euro 8 thousand) include the net balance of income and expense deriving from exchange rate fluctuations arising from the realization of assets and liabilities denominated in currencies other than the euro (which, in the case of the Group, exclusively regard transactions in US dollars), as well as the effect of period-end exchange rate adjustments to receivables and payables denominated in currencies other than the euro.

Adjustments to financial assets

This item (showing a positive net balance of Euro 115 thousand, up Euro 673 thousand as compared to previous year) includes the economic effects of the net fair value adjustment of the financial instruments and derivative instruments used by the Group, carried out in order to align their value to the market value. Reference should also be made to the information provided in the preceding section regarding Current financial assets.

Current and deferred taxation

The Group has accrued for taxation for the year based on the basis of applicable tax legislation.

Taxes pertaining to the 2021/2022 financial year, represented by a net income of Euro 1,332 thousand (compared to a net income of Euro 2,087 thousand in the previous financial year) include:

- current taxes pertaining to the period, amounting to a net charge of Euro 805 thousand (including the effects related to tax income from previous years and charges arising from the application of the tax consolidation regime), up compared to the 2020/2021 financial year, which had recorded a net charge of Euro 474 thousand; and
- deferred/prepaid taxes (net income of Euro 2,137 thousand, compared to Euro 2,561 thousand in the previous year), relating to positive or negative income components respectively subject to taxation or deduction in different fiscal years compared to those of statutory accounting.

The decrease in the positive tax impact recorded in the year compared to the previous year is mainly attributable to the effect of the increase in taxable income accrued during the year, which was however more than offset by the effect of the accrual of tax benefits related to the hyper-amortization discipline for production high tech investments made in previous years, which resulted in the final accounting, at the consolidated level, of a negative tax income for the year under review (in continuity with the final accounting in the previous year).

The following table shows details of the amounts described:

	Year 2021/2022	Year 2020/2021
Income taxes	**(1,331,641)**	**(2,087,335)**
Current taxation		
of which: IRES for the year (current)	21,099	162,562
of which: IRAP for the year (current)	775,667	506,434
of which: Taxation relating to prior years	8,186	(194,865)
Deferred taxation	(2,136,593)	(2,561,466)

Deferred tax assets and liabilities have been calculated using rates that are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9). Deferred tax assets have been accounted for as there is reasonable certainty that, in the financial years in which the temporary differences will reverse, taxable income will not be less than the amount of the differences that will be annulled.

Participation to the tax consolidation regime

As required by the OIC interpretative document on accounting standard 25, information is provided below regarding adherence to the tax consolidation regime in force within the Group.

In compliance with current legislation, the domestic tax group was renewed in the prior year (until the end of the tax year under review) by the signature of an agreement governing the tax relationships between Endurance Overseas S.r.l. – as the consolidating company – and Endurance S.p.A., Endurance Engineering S.r.l. Endurance Castings S.p.A. and Endurance Adler on the other side. Veicoli S.r.l. (as newly acquired company) was not part of the consolidated tax agreement.

The relationship between the parties concerns, in particular, the immediate payment of the consolidation differences arising from group taxation and the deduction on a consolidated basis of the excess non-deductible interest expense (if the conditions under paragraph 7 of article 96 of the Consolidated Income Tax Act are met).

Other information

Average employee numbers

The following table sets out average employee numbers by labour category computed on the basis of the year averages:

Employees	Year 2021/2022	Year 2020/2021
Managers	21	18
White collar	129	137
Blue collar	452	456
Total	**602**	**611**

Group companies employ 578people at March 31st, 2022 (including the increase connected to the consolidation area modification, amounting to 3 resources).

Remuneration of the Directors and the Board of Statutory Auditors

The fees earned during the year by the directors of Group companies totalled Euro 361 thousand, while the fees of the Boards of Statutory Auditors of the various Group companies amounted to Euro 128 thousand in the 2021/2022 financial year.

Fees payable to independent auditors

During the year, the following amounts (comprising fees and expenses) were paid to the independent auditors (Deloitte & Touche S.p.A., or "Deloitte"):

- Euro 107 thousand for the legal audit of the accounts pursuant to Legislative Decree 39/2010 relating to the financial statements of consolidated companies and to the Group's consolidated financial statements, for the signing of the tax returns, as well as for checking the Group Reporting Package, prepared from the consolidated financial statements and submitted for the purpose of consolidating the ETL Group;
- Euro 10 thousand for additional services provided by the independent auditors, relating to the verification and certification of tax returns;
- Euro 5 thousand for services provided by other members of the same network as the legal auditing firm.

Related party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the Report on operations.

Off balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information relating to the fair value of financial instruments

In compliance with the provisions of Art. 2427-bis of the Italian Civil Code, in order to present a true and fair view of the company's commitments, details of the fair value, extent and nature of holdings of financial derivatives are set out below (amounts in thousands of Euro):

Type of contract	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2022	Fair value at 31/03/2022	Number of contracts at 31/03/2021	Original notional value	Notional at 31/03/2021	Fair value at 31/03/2021
Interest rate Swap	8	37.500	16.709	135	7	38.000	23.634	(88)
Commodity Swap	2	5.068	4.770	1.957	-	-	-	-
TOTAL	**10**	**42.568**	**21.479**	**2.092**	**7**	**38.000**	**23.634**	**(88)**

Information about significant events arising subsequent to the reporting date

In the first months of fiscal year 2022/2023, despite the continuation of the Covid-19 pandemic, the Group companies did not experience any impacts of an exceptional nature and continued its activities in compliance with the regulations in force, which are designed to contain the contagion and spread of the virus.

The conflict in Ukraine, still on-going after the close of the fiscal year, is a strong element of uncertainty due to the impossibility of determining the outcomes and consequences of this crisis on the fate of the world economy and the automotive sector.

At present, and taking into account the actions taken, it is believed that the effects related to the conflict while being highly penalizing (in particular for the trend of prices of energy commodities and raw materials) to the extent that the Company does not have direct relations with customers and suppliers in the countries affected by the conflict, nevertheless do not have such an impact as to jeopardize the Company's ability to continue as a going concern.

During April 2022, in order to safeguard the Group's financial stability and sustainability in a period of external turbulence, two medium-term loans in the total amount of Euro 20 million were signed to support the Company's investment program defined against the new orders obtained.

With reference to point 22-quater of Article 2427 of the Civil Code, there are no other significant events after the end of the financial year that have had a significant impact on the Group's financial, equity and economic performance.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Parent Company belongs as a subsidiary:

	Larger group coincident with smaller group
Company name	Endurance Technologies Limited
Town (if in Italy) or foreign State	Aurangabad (India)
Tax code (Italian companies)	-
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE (**)

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Summary financial statements of the company which exercises management and coordination activities

The Parent Company (as well as all companies belonging to the Group) is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which, indirectly, wholly owns the Parent Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st, March 2021 was 86.099 (82.8985 at 31 March 2020) - (source www.ecb.europa.eu):

Balance sheet	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Assets		
Non-current assets		
Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Activities held for sale	.	.
Total Assets	**34,376.47**	**29,828.67**
Liabilities and equity		
Equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84
Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and equity	**34,376.47**	**29,828.67**

Income Statement	Financial statements at 31/03/2020	Financial statements at 31/03/2019
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	.
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

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To the Quotaholder,

We confirm that these consolidated financial statements, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash flow and explanatory notes, give a true and fair view of the financial position and Group's results and cash flows for the year and agree with the books of account.

Lombardore (Turin), 16/05/2022

For the Board of Directors

The Managing Director

Massimo Venuti

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Quotaholders of
ENDURANCE OVERSEAS S.r.l.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Endurance Overseas S.r.l. and its subsidiaries (the "Endurance Overseas Group" or the "Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Endurance Overseas Group as at March 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Endurance Overseas S.r.l. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Overseas S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the consolidated financial statements the key financial data from the most recent financial statements of such company. Our opinion on the consolidated financial statements of the Endurance Overseas Group does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Endurance Overseas Group as at March 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as at March 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Endurance Overseas Group as at March 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 25, 2022

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE SPA

Head office: VIA REGIONE POZZO 26 CHIVASSO (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 01782370017
Turin Business Register (REA) no. 518048
Share capital: € 5,000,000.00 subscribed and fully paid
VAT Number: 01782370017
Management policy and coordination: ENDURANCE OVERSEAS S.r.l.

Report on operations

Financial statements at 31/03/2022

Shareholders,

The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2022. In accordance with art. 2428 of the Italian Civil Code, this document provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

The most significant event that marked the year to March 2022 is undoubtedly the return of war scenarios in Europe, with the dramatic conflict in Ukraine still ongoing sadly at the time of preparing this report. In response to the humanitarian crisis that unfortunately involved the population following the conflict, Western countries intervened by imposing sanctions that have exacerbated the already existing imbalances, particularly in the supply of raw materials and energy sources. Apart from the recent geopolitical events, which resulted in the military confrontation, the whole of 2021-22 featured by the series of extraordinary events that involved the international community, influencing the market context of the Automotive sector. The first quarter of the year (April-June 2021) began with confirmation of the economy's recovery, facilitated by a progressive easing of the restrictions introduced to deal with the pandemic. The reopening of business contributed to the growth in GDP (+5.3% in the Euro area for 2021) and the Automotive sector also benefited from this recovery. However, starting from the second quarter (July-September), production slowdowns began due to the problems that car manufacturers were encountering in the procurement of semiconductors. The lack of chips and other electronic components then continued over the course of the following quarters, causing a sharp decline in vehicle registrations compared with both the previous year (2020-21, which was heavily influenced by Covid) and with 2019-20 (the last year that enjoyed normal conditions). The spread of the Omicron variant, which forced the reintroduction of health measures, and the increase in inflation due to the rise in the prices of raw materials and energy, also contributed to the slowdown. In fact, gas and electricity prices began to rise in the autumn, affecting all international markets, Europe in particular, with the result that the flow of gas from Russia to European countries decreased. In October-December, the material component of energy suffered price hikes of around 400% compared with the historical average of the previous two years. These increases were then further aggravated in the following quarter by the outbreak of war. This extraordinary and unpredictable explosion in energy prices has had a significant impact on the Company's results, as explained in greater detail below in the section where we analyse our results.

In this complex macroeconomic scenario, registrations of new vehicles during the financial year (from April '21 to March '22) fell overall by -4.9%, considering the European Union and the UK market (the EU on its own -6.3%), with a strong recovery in the first quarter (+66.7%, due more than anything else to the low volumes of the previous year marked by generalised lockdowns) and a contraction of -23.6% in the second quarter, -23.4% in the third quarter and -10.8% in the last quarter. As these were generalised effects, the decreases affected all countries and all car manufacturers with the exception of Spain (+2.4%) and the UK (+4.2%), which had been heavily penalised the previous year. The VW group, the main manufacturer with almost a third of the EU market, recorded a drop in registrations of -8.5%, Stellantis one of -

10.8%, Renault -11.7%, BMW -3.7% and Daimler -12.6%. In the last quarter of the year (January - March 2022), the main car manufacturers recorded the following trends in terms of registrations: VW -15.6%, Stellantis -23.9%, Renault -8.1%, BMW -11.46% and Daimler -9.4%.

The data on the production of P&CV vehicles published by IHS MARKIT for the calendar year 2021 show a growth in world production of cars of +2.7% (compared with -16.9% the previous year, going from 61.5 million to 63.2 million vehicles) compared with +3.6% of total registrations. The change by geographical macro area shows the following: EU -5.7%, North America -2.4%, South America +11.2%, Asia +6.7%, Middle East and Africa +15.1%. Within the European Union, Germany was the leading producer with output of 2.9 million vehicles (albeit down 13.2% compared with the previous year), followed by Spain with 1.6 million vehicles (-8.9%), the Czech Republic 1.1 million (-3.4%), Slovakia 1.0 million (+2.7%), France 0.9 million (-1.8%), Italy, Romania and Hungary 0.4 million (-7.9%, -4.0% and -3.0% respectively) compared with the previous year.

In the same period, exports of vehicles from the European Union grew by +3.6% in value, as did imports, which grew in value by +2.3%.

In 2021, the market share of traditional combustion vehicles stood at 59.6% (having been 75.5% the previous year) of the EU market (40.0% petrol and 19.6% diesel), while hybrid vehicles (HEVs) reached 19.6% (11.9% the previous year) and rechargeable electric vehicles (ECVs) accounted for 18.0% (10.5% the previous year) of registrations, with a 9.1% share going to pure electric vehicles (BEV) and 8.9% to plug-in hybrids (PHEV).

From an industrial point of view, it should be remembered that the Company had to cope with erratic logistical planning on the part of customers as they tried to adapt to dysfunctions in the supply chains (especially in the availability of semiconductors). This meant having to face periods of total or partial suspension of production, in some cases having recourse to temporary lay-offs with State redundancy benefits.

In this extremely complex market situation, characterised by a series of negative external factors, the Company still managed to achieve positive results.

Key events

As mentioned previously, the Company again suffered the effects of the pandemic during the year.

In any case, the preventive measures introduced and those adopted over time in accordance with the regulatory provisions and protocols, made it possible to contain cases of positivity to the virus, guaranteeing the safety of all workplaces.

The commercial activity carried out during 2021-22 was particularly positive, acquiring new and important orders that will generate approximately € 60 million in annual turnover when fully operational. The orders obtained mainly concern powertrain components for Stellantis, CNH and BMW. They refer to traditional, hybrid and pure electric applications which will go into production from FY 2023-24 onwards.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) since October 2016.

These management control and coordination activities did not have any particular impact on the Company's activities and its results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities and for which there is a need to justify the reasons for them and the interests that impacted on them.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	FY 2022	%	FY 2021	%	Change	% Change
WORKING CAPITAL	**96,692,870**	**55.07 %**	**112,723,804**	**59.63 %**	**(16,030,934)**	**(14.22) %**
Immediate liquidity	**12,049,363**	**6.86 %**	**22,463,173**	**11.88 %**	**(10,413,810)**	**(46.36) %**
Cash and cash equivalents	12,049,363	6.86 %	22,463,173	11.88 %	(10,413,810)	(46.36) %
Deferred liquidity	**61,929,320**	**35.27 %**	**71,072,703**	**37.60 %**	**(9,143,383)**	**(12.86) %**
Current receivables included in working capital	15,492,127	8.82 %	20,731,969	10.97 %	(5,239,842)	(25.27) %
Current portion of non-current receivables	3,000,000	1.71 %	3,000,000	1.59 %	-	-
Financial assets	42,935,842	24.45 %	46,760,444	24.74 %	(3,824,602)	(8.18) %
Prepaid expenses and accrued income	501,351	0.29 %	580,290	0.31 %	(78,939)	(13.60) %
Inventories	22,714,187	12.94 %	19,187,928	10.15 %	3,526,259	18.38 %
FIXED ASSETS	**78,879,695**	**44.93 %**	**76,310,030**	**40.37 %**	**2,569,665**	**3.37 %**
Intangible assets	2,544,671	1.45 %	1,797,195	0.95 %	747,476	41.59 %
Tangible fixed assets	68,409,499	38.96 %	68,811,522	36.40 %	(402,023)	(0.58) %
Financial fixed assets	2,050,710	1.17 %	284	-	2,050,426	100.00 %
Non-current portion of receivables included in w.capital	5,874,815	3.35 %	5,701,029	3.02 %	173,786	3.05 %
CAPITAL EMPLOYED	**175,572,565**	**100.00 %**	**189,033,834**	**100.00 %**	**(13,461,269)**	**(7.12) %**

Balance Sheet - Liabilities and Shareholder's Equity

Item	FY 2022	%	FY 2021	%	Change	% Change
MINORITY INTEREST	**94,129,711**	**53.61 %**	**112,821,111**	**59.68 %**	**(18,691,400)**	**(16.57) %**
Current liabilities	**73,621,859**	**41.93 %**	**78,592,631**	**41.58 %**	**(4,970,772)**	**(6.32) %**
Current payables	71,337,610	40.63 %	78,251,845	41.40 %	(6,914,235)	(8.84) %
Accrued expenses and deferred income	2,284,249	1.30 %	340,786	0.18 %	1,943,463	570.29 %
Non-current liabilities	**20,507,852**	**11.68 %**	**34,228,480**	**18.11 %**	**(13,720,628)**	**(40.09) %**
Non-current payables	16,808,851	9.57 %	30,710,293	16.25 %	(13,901,442)	(45.27) %
Provisions for risks and charges	1,421,828	0.81 %	1,472,199	0.78 %	(50,371)	(3.42) %
Employee termination indemnity	2,277,173	1.30 %	2,045,988	1.08 %	231,185	11.30 %
EQUITY	**81,442,854**	**46.39 %**	**76,212,723**	**40.32 %**	**5,230,131**	**6.86 %**
Share capital	5,000,000	2.85 %	5,000,000	2.65 %	-	-
Reserves	40,463,779	23.05 %	38,981,767	20.62 %	1,482,012	3.80 %
Retained earnings (accumulated losses)	32,230,956	18.36 %	23,032,983	12.18 %	9,197,973	39.93 %
Net income (loss) for the year	3,748,119	2.13 %	9,197,973	4.87 %	(5,449,854)	(59.25) %
FINANCING SOURCES	**175,572,565**	**100.00 %**	**189,033,834**	**100.00 %**	**(13,461,269)**	**(7.12) %**

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
Fixed asset coverage	107.15%	103.54%	3.49%
Banks/Working capital	30.99%	39.72%	(21.98%)
Debt ratio	1.16	1.48	(21.62%)
Financial debt ratio	0.42	0.64	(34.38%)
Equity/Capital employed	46.39%	40.32%	15.05%
Financial charges/Turnover	0.23%	0.33%	(30.30%)
Current ratio	132.44%	143.43%	(7.66%)
Fixed assets/Equity	8,437,974.00	5,603,722	50.58%
Primary coverage ratio	1.12	1.08	3.70%
(Equity + non-current liabilities) - Fixed assets	29,557,265	39,832,202	(25.80%)
Secondary coverage ratio	1.4	1.56	(10.26%)
Net working capital	23,682,450	34,131,173	(30.61%)
Acid test margin	968,263	14,943,245	(93.52%)
Acid test ratio	101.33%	119.01%	(14.86%)

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	FY 2022	%	FY 2021	%	Change	% Change
VALUE OF PRODUCTION	**139,086,263**	**100,00%**	**137,563,641**	**100,00%**	**1,522,622**	**1,11%**
- Consumption of raw materials	65,974,630	47,43%	59,630,016	43,35%	6,344,614	10,64%
- General expenses	31,051,781	22,33%	29,638,622	21,55%	1,413,159	4,77%
VALUE ADDED	**42,059,852**	**30,24%**	**48,295,003**	**35,11%**	**(6,235,151)**	**(12,91%)**
- Payroll costs	24,998,535	17,97%	24,608,455	17,89%	390,080	1,59%
- Provisions	-	-	-	-	-	-
GROSS OPERATING MARGIN	**17,061,317**	**12,27%**	**23,686,548**	**17,22%**	**(6,625,231)**	**(27,97%)**
- Depreciation, amortisation and writedowns	13,829,899	9,94%	13,614,831	9,90%	215,068	1,58%
- Other operating expenses	1,353,833	0,97%	999,121	0,73%	354,712	35,50%
INCOME BEFORE FINANCIAL ITEMS	**1,877,585**	**1,35%**	**9,072,596**	**6,60%**	**(7,195,011)**	**(79,30%)**
+ Financial items	17,481	0,01%	(383,783)	(0,28%)	401,264	(104,55%)
INCOME BEFORE TAX	**1,895,066**	**1,36%**	**8,688,813**	**6,32%**	**(6,793,747)**	**(78,19%)**
- Taxation	(1,853,052)	(1,33%)	(509,160)	(0,37%)	(1,343,892)	263,94%
NET INCOME	**3,748,118**	**2,69%**	**9,197,973**	**6,69%**	**(5,449,855)**	**(59,25%)**
EBITDA	**15,707,484**	**11,29%**	**22,687,427**	**16,49%**	**(6,979,943)**	**(30,77%)**

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
R.O.E.	4.60%	12.07%	(61.87%)
R.O.I.	3.28%	17.24%	(80.95%)
R.O.S.	1.39%	6.50%	(78.67%)
R.O.A.	1.07%	4.80%	(77.72%)

Information required by art. 2428 of the Civil Code

The detailed information specifically required by art. 2428 of the Italian Civil Code is presented below.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and therefore the Company's sales performance as well.

There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Furthermore, the tightening of international sanctions is affecting uncertainties about the trend in prices of energy commodities, basic materials (metals in particular) and agricultural products with repercussions on consumer prices and the growth prospects for the Euro area. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions).

Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.

Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).
Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate swaps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment

In the context of specific policies adopted by Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work to monitor and maintain appropriate environmental protection standards in accordance with ISO 14001:2015 (Environmental management systems) and ISO 45001:2018 (occupational health and safety standard recognised and accepted around the world) continued during the year ended 31 March 2022.

Employee training sessions covered the following topics, in compliance with the State-Regions agreement of December 2011:

- specific refresher course for those who have to monitor workers' compliance with the rules on health and safety at work
- updating for first aid and emergency team workers
- training and refresher courses for drivers of lift trucks;
- training in protective practices for personnel who operate machines that emit radio waves
- additional instructions to employees who change the moulds on the die-casting islands
- PES-PAV training for workers operating on electrical installations
- training update for safety officers.

The Risk Assessment Document and the Environmental Impacts Register were updated - considering inter alia the impacts of the pandemic - with the identification and analysis of risks and procedures for the management of environmental and worker safety emergencies (including the definition of actions to prevent future incidents).

Practical training sessions were held to simulate fire emergencies, evacuations, chemical spillages, sudden illnesses and related first-aid procedures, with the participation of employees.

Work on installations and infrastructure included the following principal actions:

- *Lombardore plant (mechanical processing):*
  a) Wallbox installation for charging electric vehicles.
  b) Improvement of suction and air exchange systems in the production departments.
  c) Waterproofing of the temporary waste storage area.
  d) Restoration of service platforms on workstations.

- *Chivasso plant (die-casting and sandblasting):*
  a) Wallbox installation for charging electric cars.
  b) Implementation of an electricity consumption monitoring system of the various users working in the production departments.
  c) Introduction of fixed platforms to protect the mould compartment for all presses where there are no obstructions.
  d) Adoption of removable platforms on the other presses.
  e) Update of the layout of the deburring and visual inspection area.
  f) New model of work gloves for protection against mechanical risks.

Chivasso plant (mechanical processing):
  a) Creation of a point of emission into the atmosphere for the washing machine.
  b) Enlargement of men's and women's changing rooms.

COVID-19: Practical precautionary measures introduced to allow activities to continue while safeguarding the health of workers

In order to help contain the spread of the Covid-19 pandemic and ensure the continuity of production under safe conditions for personnel, the Endurance Group adopted a "Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace" since March 2020. This was prepared pursuant to the protocol agreed between the government and the social partners on 14 March 2020, as extended on 24 April 2020 and subsequent amendments.

Briefly, the following main operating procedures have been envisaged (shared with employee representatives and with the company doctor at each site):

- provision of information to workers and third parties on arrival at production locations, containing necessary instructions for the protection of their health and safety;
- organisation of specific training sessions on correct behaviour in relation to maintaining sanitation conditions in the workplace;
- body temperature check on arrival at the Company and collection of declarations by employees and third parties confirming the absence of conditions that, by law, would restrict their movements or access to the premises;
- restriction of access to the premises by external persons (customers, suppliers, visitors etc.) to essential or urgent cases;
- introduction of specific procedures that minimise contacts with external personnel (drivers/transport operators at logistics firms);
- dissemination throughout the Company's premises of the Ministry of Health's recommendations for the containment of the risk of infection and of correct behaviour to mitigate the risk of contagion;
- incentive to maintain a safe distance (1m) at work, integrated by the use of personal protective equipment (masks) made available to all members of staff;
- measures to restrict numerical access to common areas (rest and eating areas, changing rooms);
- restriction of in-person meetings, with requirements to maintain social distancing of at least one metre and keep the rooms clean and ventilated;
- suspension/cancellation of all travel/business trips (unless absolutely essential);
- use of smart working whenever possible from an operational and technological standpoint;
- encouragement to use holiday time and paid leaves of absence, as supplemented by recourse to the social buffers due to the reduction or suspension of productive activities;
- increased frequency of cleaning and sanitisation activities and distribution/availability to personnel of detergents and sanitising gels; periodic deep sanitisation by specialists using products with greater cleansing power.

During the year, cases of Covid-19 were detected among employees of the Group (in no case with serious consequences). This meant applying the protocols and the responsible participation of employees in maintaining careful and precautionary behaviour, which has permitted effective management that has guaranteed production continuity at all operating sites and the mitigation of operational inefficiencies.

Information on personnel management

The Company has 405 employees at the end of FY 2021-22, down by 23 on the previous year. The average headcount during the year was 425 people.

The main training activities during the year ended 31 March 2022 focused on Manufacturing, Technical/Maintenance services and Quality, with a view to upgrading general and specific skills in relation, especially, to the variables that drive the continuous improvement of production and corporate processes.

Particular attention and targeted interventions have been envisaged for the certification of skills in relation to "Customer Specific Requirements", in line with the requirements of IATF 16969:23016, the reference standard for the automotive sector. Training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

<u>Manufacturing/production-related training:</u>

- Development of knowledge and specific skills via classroom and OTJ training sessions covering the start-up of new lines and management of the related procedures. These activities were partly carried out in partnership with the suppliers of the mechanical processing plant and automation lines concerned. They covered, in particular:
    - Operational management of the automation and mechanical processing lines with external and on-the-job training to develop the specific skills of the specialised and operational staff and to train up people in new dedicated roles;
    - On-the-job activities related to the improvement of production processes and verification of compliance of processed and semi-finished products;

- Problem solving for the independent management of production issues, as part of the process of continuous improvement;
- Continuous on-the-job training of production staff aimed at increasing awareness of the quality characteristics of the product, the requirements requested by customers and updating the specifications of the control charts.

Engineering/quality training:

- Internal quality: improvement, via OTJ training, in the internal management of the conformity variables of processed and semi-finished products, the various control methods and the quality system documentation;
- Forecasting, updating and verifying the quality system documentation through operational training;
- Skills certification: external training related to the certification of skills and approaches provided by customers and in particular:
  - Automotive Core Tools for process and system auditors;
  - Risk Management;
  - Qualification of first and second party auditors in accordance with the IATF 16949:2016 Quality Management System;
- Planning of training for the development of technical and managerial skills, particularly:
  - CMM – Zeiss programming; and CMM – Hexagon PC – Dimis;
  - Training in the use of marking systems for production parts and related programming;
  - Electromechanical maintenance of Grob-Werke equipment and plants;
  - Qualification of the personnel assigned to "non-destructive" checks;
  - Development of specific skills on complex technical drawings: analysis, interpretations, applications, rules and symbologies

The overall activities carried out (including those mentioned previously when talking about the environment and training) involved the Company's staff in a total of around 4,390 hours with training activities carried out internally, externally and on the job.

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, though no R&D costs were capitalised.

During the year, as part of the "Future Manufacturing Endurance" project, an initiative launched in 2015-16 to introduce the pilot line - currently approved as an implementation standard for subsequent investments - and completed from an operational point of view at the end of 2017-18, the second level audit procedures carried out by the Ministry of Economic Development's inspectors at the end of the previous year reached the final validation stage and we received the last portions of the non-refundable grants (for a total of € 433 thousand, of which € 43 thousand paid out during the year), and of the subsidised loan for a total of € 3,006 thousand (last tranche of € 300 thousand paid out during the year). The related development costs capitalised during the years of the project have been fully amortised.

With reference to the other project that involved the Company up to the first half of the year (the "ICARO" project relating to industrial research and experimental development for the industrialisation of innovative aluminium alloy products), as part of the *Regional Operational Programme ERDF 2014/2020 - Action I.1b.1.1- Tender "IR2" Industrialisation of Research Results*, in which the Company participates as Project Manager of a partnership of 3 companies), it should be noted that during the year the reporting of expenses incurred up to the end of the project (August 2021) was completed and the project faced the various technical audits for the assessment of completion of the project's objectives.

Following the technical verifications, final approval of the project was achieved, which made it possible to proceed - with a process that will be completed in 2022-23 - to pay out the last portions of the grants awarded for this project. In this context, with reference to the advances already approved by the financing bodies, during the course of 2021-22, the related portions of the grant/co-financing were recognised and disbursed by the pertinent entities (Finpiemonte and the Piedmont Region) for a total amount of € 462 thousand (based on costs pertaining to previous years, in relation to the approval times of the disbursing bodies).

With regard to the most recent initiatives undertaken from 2019-20, there is the Company's participation in two Important Projects of Common European Interest (IPCEI) for the development of new generation electric batteries, which was developed as part of the European Battery Alliance and approved by the European Commission at the end of 2019 and during the second half of 2020.

In the context of these initiatives (which involve numerous companies from the main European countries in a synergic way), Endurance is committed with multi-year projects with a time horizon up to 2028, within the areas relating to:

a) developing battery modules and systems, in particular for applications in the automotive and mobility sectors, through a project for the development of so-called battery housings, with the use of secondary aluminium alloys, particularly attractive in relation to the reduced impact of the carbon footprint ("IPCEI 1" project) and
b) developing battery swapping systems, linked to the management/smart use of batteries (with the aim of optimising the life cycle of electric mobility systems) as part of the IPCEI 2 Project.

Both of these projects saw the formalisation of the approval process at the Ministerial level in the 2021-22 and the start of its activities also by Endurance S.p.A.

In particular, with reference to the IPCEI 1 Project, work started on the concept design of modular solutions for battery housing which made it possible to prototype a first application with lithium-ion batteries for 2-wheel use and develop a demonstrator of an automotive battery module (BM) made of new generation secondary alloys. The BM has been designed for easy assembly and dis-assembly, so accessible both for cell maintenance and for their re-use in another application.

As for the IPCEI 2 Project, the activities of Endurance S.p.A. are expected to start in the first few months of 2022-23.

Lastly, with reference to the SALEMA Project (HORIZON 2020 design model), in the context of which new alloys with a low CRM (Critical Raw Materials) content will be developed in collaboration with European companies and OEMs (Stellantis/Ford), the project saw completion of the approval process by the European Union at the beginning of 2021-22 and its formal start-up in early May. The activities assigned to Endurance S.p.A., i.e. designing and building a working die-cast demo and providing systems and personnel for testing innovative materials, are expected to start in the first half of 2022-23 having carried out preliminary preparatory and planning activities during the financial year under review. With reference to this project (and according to its pre-financing model) we have already received grants of around € 428 thousand, all of which has been treated as deferred income as it will be recognised in the same periods as the project's costs.

In addition to the main projects described above, the various departments involved have also gone ahead with other product and process development activities, mainly in the following directions:

- The principal activities carried out in the mechanical processing area included:
  - Validation of innovative technical solutions for the automated control of critical product characteristics (e.g. a vision system with adaptive robotics on an ACT overhead).
  - Completion of the concept design for EV platform components (e.g. battery module for MEB - VW platform) as part of the IPCEI 1 Project explained above;
  - Bringing up to speed the automated processing line for the GSE engine block on behalf of Teksid;
  - Continuation of feasibility studies regarding the recovery and reconversion of workstations for the re-engineering of new production, including analysis for a supplementary review of plant layout changes that rationalise activities ahead of the introduction of additional production capacity to service the new contracts, as well as handling volume drops/phase-outs of on-going production lines.

  To support the acquisition of new products, estimates were developed and 48 detailed technical reviews were prepared; we also completed initial estimates for particular battery housings for application on EV engines.

  During the year, the industrialisation of numerous new products for the main customers was started and, in some cases, completed, including the VW Group (PHEV Timing Belt Cover, Oelwanne in 3 versions, Halter in 2 versions, further development for ACT+ Zylinderkophaube), the FCA Group (GSE N3 engine block, Maserati V6 EVO tappet covers) and the BMW group (Deckel Sperr-Variante).

- The main projects in the die-casting area included:
  - Development of preliminary feasibility studies, equipment lay-out, detailed analysis of demoulding, filling and solidification simulation, definition of excess metal by consolidating existing methods;
  - Product/process design solutions (e.g. inserts in conformal cooling) defined in co-design with strategic customers (BMW - AUDI) have been implemented on die-casting molds for initial sampling.
  - Preparation of 52 detailed technical reviews.
  - With regard to the traceability of a particular raw part, specifications have been defined for marking on a die-casting island for components to be blasted with Zn/Al.
  - The preparation of databases referring to materials with characteristics of primary and secondary generation alloys (Low Carbon Foot Print) and to the process specifications for the production of components with a large printed surface (especially for applications on battery housings) has been completed
  - Comparative analysis of virtual process simulation results and CTSCAN/X-ray surveys has been commenced;

- Solutions to improve the quality of the raw materials have been defined, tested and launched into production, with the introduction of:
  - localized squeeze technology;
  - jet cooling for blocks; and
  - inserts in additive manufacturing.

Working together with affiliates and third-party partners, die casting equipment was designed and made for new products, with related sample production at various customer sites, especially FCA/Stellantis. For the products indicated above, the related industrialization has also been started/completed.

In addition, feasibility studies continued to develop technological integration projects within the Endurance Group, both in relation to the ultimate parent company, Endurance Technologies (India), and with the other subsidiaries (in particular the coordination of development activities with Endurance Castings S.p.A. in relation to structural integration of the supply chain). The particular attention given by German OEMs to the use of Low Carbon Foot Print secondary alloys has intensified sharing the experimental activities carried out as part of the SALEMA Project with Endurance GmbH.

Pursuant to and for the purposes of what is reported in point 1) of the third paragraph of art. 2428 of the Italian Civil Code, we certify that with reference to the research and development activities applied to the product and the production process, development costs of approximately € 1.53 million were recorded during the year (and capitalised under intangible assets). They concerned in particular the costs of technical and production support personnel involved during the year in product and process development activities (referring both to the specific projects subject to grants/co-financing as explained, and to the development carried out by the technical departments in relation to new products for the automotive market).

With reference to the various R&D activities mentioned above, the Company has benefited from the tax credits envisaged pursuant to art. 1.70.d) of Law 145/2018 (2019 Budget Law). During the year, the Company recorded income relating to this situation (in relation to the costs incurred in 2020-21 and subject to specific certification in the year under review) of € 110 thousand (to which the economic impact relating to costs validated in previous years must be added, recognised in relation to the depreciation process, for a further € 34 thousand).

Transactions with subsidiaries, associated companies and parent companies and companies subject to control by parent companies

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as “affiliates”), as summarised below:

Receivables from affiliates classified as fixed assets

Description	FY 2022	FY 2021	Change
from parent companies	3,000,000	3,000,000	-
Total	*3,000,000*	*3,000,000*	-

The amounts receivable from parent companies that are classified as financial fixed assets at 31 March 2022 relate to the loan granted to Endurance Overseas S.r.l. by Endurance S.p.A. in prior years.

Receivables from affiliates recorded under current assets

Description	FY 2022	FY 2021	Change
from parent companies	4,814,810	3,427,953	1,386,857
from fellow subsidiaries	472,130	588,254	(116,124)
Total	*5,286,940*	*4,016,207*	*1,270,733*

Receivables due from the parent company (€ 4,814,810) include guarantee deposits of € 639,000, which are recoverable beyond one year. The difference comprises the trade receivables due from Endurance Overseas S.r.l. (€ 74,448) and the credit balance (€ 4,101,362) due from it for excess income tax advances paid to the parent company during the year under the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act.

Receivables due from fellow subsidiaries comprise trade receivables due from Endurance Castings S.p.A. (€ 93,803) Endurance Engineering S.r.l. (€ 21,999), Endurance Adler S.p.A. (€ 1,688) direct subsidiaries of Endurance Overseas S.r.l. and from Endurance GmbH (€ 354,640), a subsidiary of the indirect parent company Endurance Technologies Limited.

Description	FY 2021	FY 2021	Change
treasury management assets	15,029,856	19,749,994	(4,720,138)
Total	*15,029,856*	*19,749,994*	*(4,720,138)*

This balance represents the amounts due from Endurance Overseas S.r.l. under the agreed cash pooling arrangements managed by it.

Payables due to and loans from affiliates

Description	FY 2022	FY 2021	Change
due to parent companies	487,828	725,266	(237,438)
payables due to fellow subsidiaries	3,245,985	2,741,708	504,277
Total	*3,733,813*	*3,466,974*	*266,839*

Payables due to parent companies total € 487,828 and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

Payables due to fellow subsidiaries (€ 3,245,985 al 31 March 2022) include trade payables to Endurance Castings S.p.A. (€ 3,186,642) and Endurance Engineering S.r.l. (€ 59,343 including the guarantee deposits paid by the affiliate for the rent of the industrial facilities at Grugliasco, owned by the Company), both direct subsidiaries of Endurance Overseas S.r.l.

Treasury shares

Pursuant to arts. 2435-bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The problems and uncertainties that characterised this last year are not likely to disappear any time soon. The International Monetary Fund recently issued forecasts that, despite the multiple risk factors existing on the international scene and even though they are lower than expected in January, see global GDP growth for 2022 of +3.6%, with +3.7% for the USA, +2.8% for the Euro Area (+2.3% for Italy and +2.1% for Germany) and +3.8% for emerging economies (+4.4% for China and +8.2% for India).

In early February 2022, before the conflict in Ukraine began, ACEA (the European Automobile Manufacturers' Association) forecast an increase in registrations in the European Union of 7.9% for the year 2022, mainly thanks to more stable supplies of semiconductor. No updated forecasts have been made subsequently, but the expectation is for a decidedly less favourable trend, as demonstrated by the preliminary figures for registrations in the month of April which show a contraction compared with the previous year of more than 20% for the most of the main European markets.

The result was also affected by temporary factors, such as the production stoppages suffered by manufacturers due to the absence of components from Ukraine, but it is a consolidated fact that waiting times for the delivery of vehicles to end customers are much longer than they were for many types of vehicles.

Temporary factors aside, which should hopefully be resolved quickly, there are still unknowns that are more difficult to resolve quickly because they are the result of geopolitical situations that seem definitively compromised. The sanctions and the progressive embargo already implemented or planned for supplies from Russia, for energy in particular, but also for basic materials and foodstuffs, will entail extra costs in procurement destined to weigh on the purchasing power of consumers and businesses with significant impacts in terms of inflation. This will also lead to an increase in interest rates, which have already risen significantly in recent months, and this will further reduce the share of those willing to take on debt to finance their propensity to consume.

Even the possibility that the emergence of new variants of Covid may induce some countries to carry on with periods of lockdown, could continue to cause disruptions in procurement and supply chains.

At the moment there is a lot of uncertainty because the outcomes and consequences that the various crisis scenarios will have on the fate of the world economy, and therefore on the repercussions for the Automotive sector, are not yet clear.

We are well aware of the complex context in which we will have to operate, so various activities have been planned to mitigate some of the adverse effects. For example, the investment initiative for the installation of photovoltaic systems for the production of energy for self-consumption has been speeded up.

It is important that the national and European authorities continue to support the economy, as shown by the latest measures that they have adopted. They need to address situations of general difficulty, those of a macroeconomic nature, which afflict Continental Europe in particular.

Investment programmes will continue to be implemented based on customer requests, while seeking to encourage greater flexibility for future reuse. The financial resources that we have available will make allow us to cover our commitments, certainly for the next 12 months, despite the persistence of external conditions that are far from optimal.

Based on the available product portfolio and in the absence of further serious external shocks, we believe we can achieve positive results in the coming year.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant and consequent to paragraph 3.6-bis of art. 2428 of the Italian Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging four IRS contracts in relation to some of these loans. The fair value of these hedging instruments is disclosed in the explanatory notes.

Secondary locations

In accordance with art. 2428 of the Civil Code, details are provided below of the secondary locations used by the Company:

Address	Location
VIA F.LLI BONAUDO 11	CHIVASSO
VIA MORANDI 9	GRUGLIASCO
VIA DEL BOSCHETTO 2/43	LOMBARDORE
VIA F.LLI BONAUDO	CHIVASSO
VIA F.LLI BONAUDO 7	CHIVASSO

Conclusion

Shareholders,

In light of the considerations set out above and of disclosures made in the explanatory notes, we invite the shareholders:

- to approve the financial statements at 31/03/2022 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Chivasso, 16/05/2022

For the Board of Directors

The Managing Director

Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE SPA
Registered office:	VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Share capital:	5,000,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	01782370017
Tax code:	01782370017
REA Number:	518048
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	256200
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	Endurance Technologies Limited
Belonging to a Group:	yes
Name of the parent company:	Endurance Overseas S.r.l.
Country of the parent company:	Italy
Cooperatives register number:	

Financial statements for the year ended 31/03/2022

Balance sheet

	31/03/2022	31/03/2021
Assets		
B) Fixed assets		
I - Intangible assets	-	-
2) development costs	2,223,272	1,440,885
3) industrial patent rights and intellectual property rights	34,099	64,065
7) other	287,300	292,245
Total intangible assets	*2,544,671*	*1,797,195*
II - Tangible fixed assets	-	-
1) land and buildings	6,138,486	6,317,619
2) plant and machinery	56,606,779	58,161,148
3) industrial and commercial equipment	577,764	921,535
4) other assets	261,556	298,554
5) assets in process of formation and advance payments	4,824,914	3,112,666

	31/03/2022	31/03/2021
Total tangible fixed assets	*68,409,499*	*68,811,522*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	284	284
Total equity investments	*284*	*284*
2) receivables	-	-
c) from parent companies	3,000,000	3,000,000
due within one year	3,000,000	3,000,000
Total receivables	*3,000,000*	*3,000,000*
4) derivative financial instruments	2,050,426	-
Total financial fixed assets	*5,050,710*	*3,000,284*
Total fixed assets (B)	*76,004,880*	*73,609,001*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	4,990,601	5,939,846
2) work in process and semi-finished products	10,077,709	7,044,668
4) finished products and goods	7,629,246	6,186,783
5) advances	16,631	16,631
Total inventories	*22,714,187*	*19,187,928*
II - Receivables	-	-
1) from customers	7,298,848	15,563,867
due within one year	7,298,848	15,563,867
4) from parent companies	4,814,810	3,427,953
due within one year	4,175,810	2,788,953
due beyond one year	639,000	639,000
5) fellow subsidiaries	472,130	588,254
due within one year	472,130	588,254
5-bis) tax receivables	2,848,371	1,269,519
due within one year	2,848,371	1,269,519
5-ter) deferred tax assets	5,235,815	5,062,029
5-quater) from others	696,968	521,376
due within one year	696,968	521,376
Total receivables	*21,366,942*	*26,432,998*
III - Current financial assets	-	-
6) other securities	27,905,986	27,010,450
treasury management assets	15,029,856	19,749,994
Total current financial assets	*42,935,842*	*46,760,444*

	31/03/2022	31/03/2021
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	12,046,148	22,460,107
3) cash on hand	3,215	3,066
Total cash and cash equivalents	*12,049,363*	*22,463,173*
Total current assets (C)	*99,066,334*	*114,844,543*
D) Accrued income and prepaid expenses	**501,351**	**580,290**
Total assets	*175,572,565*	*189,033,834*
Liabilities and shareholders' equity		
A) Shareholders' equity	**81,442,853**	**76,212,723**
I - Share capital	5,000,000	5,000,000
III - Revaluation reserves	11,118,617	11,118,617
IV - Legal reserve	1,000,000	1,000,000
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	4,962,658	4,962,658
Other reserves	21,900,492	21,900,492
Total other reserves	*26,863,150*	*26,863,150*
VII - Reserve for cash flow hedges	1,482,012	-
VIII - Retained earnings (accumulated losses)	32,230,956	23,032,983
IX - Net income (loss) for the year	3,748,118	9,197,973
Total shareholders' equity	81,442,853	76,212,723
B) Provision for risks and charges		
3) derivative financial instruments	-	50,371
4)Other	1,421,828	1,421,828
Total provisions for risks and charges	*1,421,828*	*1,472,199*
C) Employee termination indemnities	**2,277,173**	**2,045,988**
D) Payables		
4) due to banks	30,703,631	45,621,756
due within one year	13,283,340	14,911,463
due beyond one year	17,420,291	30,710,293
7) trade payables	47,575,056	52,837,106
due within one year	47,575,056	52,837,106
11) due to parent companies	487,828	725,266
due within one year	487,828	725,266
11-bis) due to fellow subsidiaries	3,245,985	2,741,708
due within one year	3,245,985	2,741,708
12) tax payables	435,224	524,927
due within one year	435,224	524,927

	31/03/2022	31/03/2021
13) due to pension and social security institutions	1,561,903	1,634,390
due within one year	1,561,903	1,634,390
14) other payables	4,136,835	4,876,985
due within one year	4,136,835	4,876,985
Total payables	*88,146,462*	*108,962,138*
E) Accrued expenses and deferred income	**2,284,249**	**340,786**
Total liabilities and shareholders' equity	*175,572,565*	*189,033,834*

Income statement

	31/03/2022	31/03/2021
A) Value of production		
1) revenues from sales of goods and services	131,673,014	135,072,609
2) Change in inventories of work in progress, semi-finished and finished products	3,598,653	(2,112,965)
4) increases in non-current assets from in-house production	1,533,146	1,541,197
5) other income and revenues	-	-
operating grants	1,020,690	1,493,246
other	1,260,760	1,569,554
Total other income and revenues	*2,281,450*	*3,062,800*
Total value of production	*139,086,263*	*137,563,641*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	65,902,236	59,446,771
7) services	26,495,790	24,826,737
8) lease and rental charges	4,555,991	4,811,885
9) payroll	-	-
a) wages and salaries	18,724,994	18,521,197
b) social contributions	5,067,045	4,889,987
c) termination indemnities	940,975	830,008
e) other costs	265,521	367,263
Total payroll costs	*24,998,535*	*24,608,455*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	912,087	722,667
b) depreciation of tangible fixed assets	12,917,812	12,892,164
Total depreciation, amortisation and writedowns	*13,829,899*	*13,614,831*
11) Change in inventory of raw and ancillary materials, consumables and goods	72,394	183,245
14) other operating expenses	1,353,833	999,121

	31/03/2022	31/03/2021
Total cost of production	*137,208,678*	*128,491,045*
Difference between production value and cost (A - B)	**1,877,585**	**9,072,596**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
from parent companies	58,560	61,221
other	203,832	138,013
Total income other than the above	*262,392*	*199,234*
Total other financial income	*262,392*	*199,234*
17) interest and other financial charges	-	-
other	298,108	450,967
Total interest and other financial charges	*298,108*	*450,967*
17-bis) exchange gains and losses	336	1,493
Total financial income and charges (15+16-17+-17-bis)	*(35,380)*	*(250,240)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
c) current financial assets excluding equity investments	2,490	-
d) of financial derivatives	50,371	-
Total revaluations	*52,861*	*-*
19) writedowns	-	-
c) current financial assets excluding equity investments	-	101,920
d) of financial derivatives	-	31,623
Total writedowns	*-*	*133,543*
Total adjustments to financial assets and liabilities (18-19)	*52,861*	*(133,543)*
Result before taxes (A-B+-C+-D)	**1,895,066**	**8,688,813**
20) Income taxes for the year, current and deferred		
current taxation	256,082	347,864
taxation relating to prior years	2,361	-
deferred taxation	(742,200)	(857,024)
income (charges) from tax consolidation/tax transparency	1,369,295	-
Total income taxes for the year, current and deferred	*(1,853,052)*	*(509,160)*
21) Net income (loss) for the year	**3,748,118**	**9,197,973**

Statement of cash flow (indirect method)

	Amount at 31/03/2022	Amount at 31/03/2021
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	3,748,118	9,197,973
Taxation	(1,853,052)	(509,160)
Interest expense/(interest income)	35,380	250,240
(Gains)/losses from disposal of assets	(348,022)	(279,558)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*1,582,424*	*8,659,495*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	392,616	885
Depreciation and amortisation of fixed assets	13,829,899	13,614,831
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	(52,861)	133,543
Other adjustments up or (down) for non-cash items	1,482,012	-
Total adjustments for non-cash items that had no contra-entry in net working capital	*15,651,666*	*13,749,259*
2) Cash flow before changes in net working capital	*17,234,090*	*22,408,754*
Change in net working capital		
Decrease/(Increase) in inventory	(3,526,259)	2,304,350
Decrease/(Increase) in trade receivables	8,357,139	(2,101,887)
Increase/(Decrease) in trade payables	(4,995,211)	7,754,437
Decrease/(Increase) in prepaid expenses and accrued income	78,939	(244,393)
Increase/(Decrease) in accrued expenses and deferred income	1,953,050	(499,816)
Other decreases/(Other Increases) in net working capital	(2,337,114)	227,738
Total changes in net working capital	*(469,456)*	*7,440,429*
3) Cash flow after changes in net working capital	*16,764,634*	*29,849,183*
Other adjustments		
Interest collected/(paid)	(44,967)	(250,505)
(Income taxes paid)	-	(398,490)
(Use of provisions)	(211,802)	(2,333,482)
Total other adjustments	*(256,769)*	*(2,982,477)*
Cash flow from operating activities (A)	***16,507,865***	***26,866,706***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(12,683,931)	(11,368,296)
Disposals	512,907	1,399,086
Intangible assets		
(Investments)	(1,659,563)	(1,675,002)

	Amount at 31/03/2022	Amount at 31/03/2021
Financial fixed assets		
(Investments)	(2,050,426)	-
Current financial assets		
(Investments)	(895,536)	(12,815,217)
Cash flow from investing activities (B)	***(16,776,549)***	***(24,459,429)***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	4,772,999	(4,022,841)
New loans	-	22,672,989
(Repayment of loans)	(14,918,125)	(16,628,480)
Own funds		
(Dividends and interim dividends paid)	-	(5,000,000)
Cash flow from financing activities (C)	***(10,145,126)***	***(2,978,332)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(10,413,810)***	***(571,055)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	22,460,107	23,030,603
Cash on hand	3,066	3,625
Total cash and cash equivalents at the beginning of the year	22,463,173	23,034,228
Cash and cash equivalents at the end of the year		
Bank and postal deposits	12,046,148	22,460,107
Cash on hand	3,215	3,066
Total cash and cash equivalents at the end of the year	12,049,363	22,463,173

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Note that the item "Increase (decrease) in short-term due to banks" includes the change in the positive balance of the cash pooling accounts managed by Endurance Overseas S.r.l. (with a total increase of € 4,720,138 during the year).

Explanatory notes, first part

To the Shareholder, these explanatory notes are an integral part of the financial statements for the year ended 31/03/2022.

The financial statements submitted for your approval show net income of € 3,748,118, after current and deferred taxes that give a positive balance of € 1,853,052 and depreciation and amortisation of € 13,829,899.

Basis of preparation

Preparation of the financial statements

The financial statements for the year ended 31 March 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

However, the pandemic continued to influence economic trends worldwide during the year, including the sector to which Endurance belongs. The Company was also affected by the slowdown in registrations of new vehicles, and therefore in demand for our goods and services, due to external events such as the difficulty of manufacturers in finding semiconductors and the increase in the cost of energy and raw materials.

Further aggravating the general picture were the serious repercussions that the conflict in Ukraine is causing at a macroeconomic level, starting in the latter part of the financial year, due to the continuing rise in energy and raw material prices. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. Given the significant amount of electricity and gas consumed in the Company's production process, the sharp rise in the cost of energy factors significantly impacted its results.

To help businesses cope with the consequences of expensive energy, some temporary concessions have been introduced to mitigate the increase in costs through the recognition of tax credits of variable amounts depending on whether or not they belong to the categories of "energy-intensive" or "gas-intensive" companies.

Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. The financial statements have been prepared on a consistent basis with the accounting policies applied the previous year.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have thus been prepared clearly and give a true and fair view of the company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Comparability and compliance issues

Pursuant to Art. 2423 ter of the Civil Code, it is hereby confirmed that all the financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight line basis
Development costs	5 years on a straight line basis
Industrial patent rights and intellectual property rights	3 years on a straight line basis
Concessions, licences, trademarks and similar rights	10 years on a straight line basis
Goodwill	5 years on a straight line basis
Other intangible assets	5 years on a straight line basis / based on the duration of the underlying contracts

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year. The rates applied are shown in the following table:

Tangible fixed asset items	Depreciation rate
Industrial buildings	3.00%
Light constructions	10.00%
General plant	10.00%
Specific machinery / Automatic machines	10.00%
Furnaces and appurtenances	15.00%
Dies and shears	20.00%
Sundry and minor equipment	25.00%
Mechanical equipment	40.00%
Foundry equipment	40.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	12.00%
Motor cars	25.00%
Vehicles and lifting equipment	20.00%
Assets costing less than € 516.46	100.00%

It should be noted that, in application of OIC 16, in the current year, the useful life of certain tangible fixed assets (specific machinery/automatic operating machines and ovens and appliances) has been reviewed on the basis of the effective use of the assets in consideration of the production processes applied: consequently, the depreciation rates were aligned with the revised estimated useful life of the various types of assets (from 15.5%, 17.5% and 15% respectively to 10%).

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

It should also be noted that during the year the Company made use of the option provided for by article 110 of Legislative Decree no. 104, (the so-called 'August Decree'), converted into Law no. 126 of 13 October 2020 (Official Gazette 13 October 2020, no. 253, Ord. Suppl. no. 37), regarding the revaluation of business assets, the effect of which is highlighted in the specific section of the notes to which reference should be made for further detail.

Impairment (tangible and intangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to quotaholder's equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the state of completion of the production process, that is, the cost of production.
- Finished products: manufacturing cost.
- Dies for resale: purchase cost.
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision for risks and charges. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in shareholders' equity (under the “Reserve for cash flow hedges”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to quotaholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII “Reserve for cash flow hedges”) in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;
b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

As in the past, the Company continues to be a member of the Endurance domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.) and the renewed contract with the parent company covering the financial year ended on 31/03/2023.

Endurance Overseas S.r.l. is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 2,544,671 at 31 March 2022, after charging amortisation of € 912,087 to the income statement. They are analysed in detail below.

"Development costs" include the capitalisation of costs incurred during the year in relation to the activities carried on by the Company for the development of new products and the implementation of improvements and innovative processes, carried out in the context of the activities of the technical and industrialisation offices, also in the context of research and development projects in which the Company participates.

Industrial patent rights and intellectual property rights mainly include the residual value of software used for business activities.

Other intangible assets mainly include the non-separable leasehold improvements made to the production facilities at the Chivasso and Lombardore factories, which are used by the Company under rental contracts with Endurance Overseas S.r.l., and the work performed on plant and machinery held by the Company under finance lease contracts. These assets are amortised over their estimated technical useful lives or, if shorter, over the residual duration of the respective rental/lease contracts.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. Considering the accelerated receipt of the benefits linked to the capitalisation of development costs, the Company has reduced the expected useful lives of those intangible assets to reflect the revised estimate of the related residual benefits based on the latest information available when preparing the financial statements (with consequent impact on the amortisation charge for the year).

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Development costs	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	4,217,905	648,770	1,626,472	4,487,366	10,980,513
Amortisation (Accumulated amortisation)	2,777,020	584,705	1,260,516	4,195,121	8,817,362
Writedowns	-	-	365,956	-	365,956
Carrying amount	1,440,885	64,065	-	292,245	1,797,195
Changes during the year					
Additions	1,533,147	4,200	-	122,216	1,659,563
Amortisation for the year	750,760	34,166	-	127,161	912,087
Total changes	*782,387*	*(29,966)*	-	*(4,945)*	*747,476*
Balance at the end of the year					
Cost	5,751,051	652,970	1,626,472	4,609,582	12,640,075

	Development costs	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Amortisation (Accumulated amortisation)	3,527,779	618,871	1,260,516	4,322,282	9,729,448
Writedowns	-	-	365,956	-	365,956
Carrying amount	2,223,272	34,099	-	287,300	2,544,671

The increases recorded during the year mainly refer to development costs incurred with a view to acquiring knowledge and skills for the development of new products and the efficiency of production lines: the costs subject to capitalisation mainly refer to the costs for personnel involved in development activities, as well as external costs to support these activities.

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Tangible fixed assets, gross of the accumulated depreciation at 31 March 2022, amounted to € 189,884,284, including the effects of revaluations for € 4,364,902 (of which € 3,919,290, carried out during the year pursuant to Law 126/2020) and write-downs for € 64,000 made in previous years. Accumulated depreciation amounts to € 121,474,785, including the effect - a reduction of the provision at 31/03/2021 - of the revaluation pursuant to Law 126/2020 (for € 4,984,783) and depreciation for the year of € 12,917,812.

The main assets in this category consist of land and buildings (for a net amount of € 6,138,486 at 31 March 2022), including the net book value of the buildings at the Grugliasco (TO) production site (at present leased to the fellow subsidiary (or "affiliate") Endurance Engineering S.r.l.), and the Chivasso (TO) production site, as well as plant and machinery (with a net book value of € 56,606,779 at 31 March 2022) used in the Company's production activities at the industrial complexes of Chivasso and Lombardore.

"Assets under construction and advance payments" (€ 4,824,914 at 31 March 2022) comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but the installation of which is not yet completed for inclusion in the production cycle.

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	8,659,043	137,803,419	18,354,786	1,994,666	3,112,666	169,924,580
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	2,341,424	88,920,756	17,433,251	1,703,312	-	110,398,743
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	6,317,619	58,161,148	921,535	298,554	3,112,666	68,811,522
Changes during the year						
Additions	91,913	4,183,214	382,650	71,427	7,954,727	12,683,931
Reclassifications (of the carrying amount)	-	6,242,479	-	-	(6,242,479)	-
Disposals (at carrying amount)	-	107,109	61,033	-	-	168,142
Depreciation for the year	271,046	11,872,953	665,388	108,425	-	12,917,812

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Total changes	*(179,133)*	*(1,554,369)*	*(343,771)*	*(36,998)*	*1,712,248*	*(402,023)*
Balance at the end of the year						
Cost	8,750,957	146,339,599	18,651,436	2,031,693	4,824,914	180,598,599
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	2,612,471	99,011,305	18,073,672	1,777,337	-	121,474,785
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	6,138,486	56,606,779	577,764	261,556	4,824,914	68,409,499

The changes during the year concern investments for a total of € 12.7 million, mainly relating to mechanical processing activities, and concern increases in production capacity for projects in progress on behalf of customers of Volkswagen and FCA (now Stellantis), as well as for the implementation of production lines relating to the most recently orders acquired from the Volkswagen Group, Audi in particular.

With specific reference to the evidence for losses attributable to the healthcare emergency, the Company responded to a Group-level requirement by analysing carefully the cash flows forecast on the basis of current information, concluding that the value of tangible fixed assets at 31 March 2022 will be recoverable from future cash flows.

Finance leases

Italian law requires finance leases to be presented in a particular way, the so-called "patrimonial method", whereby lease instalments for the year are charged to the income statement (€ 809,740 for plant and machinery in 2021-22).

The tables which follow provide the information required by law in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases according to IFRS, under which the lessee would record the interest on the capital and depreciation on the asset, with the leased asset shown as a fixed asset, at the same time recognising the lease liability for the principal portion of the residual instalments still to be paid. Had the Company adopted the above finance lease methodology, the accounting effects would have been as follows:

	Effects on Shareholder's Equity - Assets		
a)	Outstanding contracts		
a.1)	Assets under finance leases at the end of the previous year		739,441
	- of which the gross amount	6,103,890	
	- of which accumulated depreciation	(5,364,449)	
a.2)	Assets purchased under finance leases during the year		-
a.3)	Assets held under finance leases redeemed during the year (net carrying amount upon redemption)		(110,745)
a.4)	Depreciation charge for the year		540,761
a.5)	Writedowns/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		87,935
	- of which the gross amount	4,356,470	
	- of which accumulated depreciation	(4,268,535)	
a.7)	Prepaid instalment interest at the end of the year		
a.8)	Curtailment of prepaid expenses under the balance sheet method		(37,137)
b)	Redeemed assets		
b.1)	Higher/lower total value of redeemed assets, determined using finance lease methodology, with respect to their carrying amounts at year end		(615,276)
	TOTAL [a.6+(a.7-a.8)+b.1]		**(564,478)**

	Effects on Shareholder's Equity - Liabilities		
c)	Implicit payables		
c.1)	Implicit payables for finance leases at the end of the previous year		1,306,731
	- of which due within one year	774,772	
	- of which due beyond one and within 5 years	531,959	

	- of which due beyond 5 years	-	
c.2)	Implicit payables that arose during the year		
c.3)	Repayment of principal and redemptions during the year		(774,772)
c.4)	Implicit liabilities for finance leases at the end of the year		531,959
	- of which due within one year	512,470	
	- of which due beyond one and within 5 years	19,489	
	- of which due beyond 5 years	-	
c.5)	Accrued instalment interest at the end of the year		-
c.6)	Curtailment of prepaid expenses under the balance sheet method		-
d)	Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]		**(1,096,436)**
e)	Tax effect		305,906
f)	Effect on Shareholders' Equity at the end of the year (d-e)		**(790,531)**

	Effects on the Income Statement	
g)	Effect on income before taxes (lower/higher costs) (g.1+g.2+g.3+g.4+g.5)	**4,745**
g.1)	Reversal of instalments on finance lease transactions	809,740
g.2)	Recognition of financial charges on finance lease transactions	(12,747)
g.3)	Recognition of depreciation charges on outstanding contracts	(540,761)
g.4)	Recognition of depreciation charges on redeemed assets	(251,487)
g.5)	Recognition of adjustments/write-backs on leased assets	-
h)	Recognition of the tax effect	(1,324)
i)	Net effect on the result for the year of accounting for lease transactions with the finance lease method rather than the balance sheet method actually used (g-h)	**3,421**

The value of future lease instalments under outstanding lease contracts totals € 530,319 at 31 March 2022.

Financial fixed assets

Financial fixed assets total € 3,000,284 at 31 March 2022 and comprise equity investments, € 284, and amounts due from parent companies, € 3,000,000.

Equity investments comprise:

- € 129 representing shares held in Unionfidi Piemonte S.C.;
- € 155 representing shares held in Confartigianato Fidi Piemonte e Nord Ovest S.C.p.A.

The item "Derivative financial instruments" includes the positive fair value of certain derivatives designated as instruments hedging transactions subscribed by the Company

In particular:

- Interest rate swap contracts (for a fair value of € 93,724) signed in previous years, with the aim of mitigating the risk of fluctuations in variable interest rates underlying some of the existing loan agreements;
- 2 Commodity swap contracts signed in the 2021/2022 financial year (with a fair value of € 1,956,702 at 31 March 2022), aimed at mitigating the risk of an increase in the costs of certain commodities (electricity and gas), in relation to market trends in the second part of the year.

The contracts described are accounted for according to the cash flow hedge principle. The fair value expressed in the financial statements is based on the mark-to-market valuations made available by the leading financial institutions with which the instruments are taken out.

Movements in equity investments, other securities and non-current derivative financial instruments

Non-current financial receivables, unchanged during the year, represent the residual balance (€ 3,000,000) of the loan granted to Endurance Overseas S.r.l. in prior years, which bears interest at market rates. The Company does not apply the amortised cost method to measure this loan, as the contract was arranged prior to 1 April 2016 and because the effect would be insignificant given the immateriality of the transaction costs and the application of market interest rates.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

Inventories amount to € 22,714,187 at 31 March 2022 and are stated net of an allowance for obsolete and slow-moving items totalling € 3,462,557.

Inventories are analysed by type in the following table:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	5,939,846	(949,245)	4,990,601
Work in process and semi-finished products	7,044,668	3,033,041	10,077,709
Finished products and goods	6,186,783	1,442,463	7,629,246
Advances	16,631	-	16,631
Total	*19,187,928*	*3,526,259*	*22,714,187*

The increase compared with the previous year is related to the combined effect of an increase in the value of the main raw material (aluminium alloy) recorded in 2021-22 and the trend in deliveries to customers: for the whole of the year, also affecting the latter part of it, this trend oscillated up and down and was slower than usual. This depended on various critical factors in place on international markets, exacerbated by the recent geopolitical turbulence in Europe, also with reference to the procurement of other components not directly related to the Company's business, but which have led to production interruptions and slowdowns at the plants of its main customers.

There are no inventories that have suffered reductions in their market value to below their book value because to Covid-19 or because of sales orders being cancelled; nor have such events taken place because of the conflict in Ukraine, as the Company's customers or suppliers are not directly involved in these areas.

Current receivables

They total € 21,366,942 at 31 March 2022. They are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	15,563,867	(8,265,019)	7,298,848	7,298,848	-
Receivables due from parent companies	3,427,953	1,386,857	4,814,810	4,175,810	639,000
Receivables due from fellow subsidiaries	588,254	(116,124)	472,130	472,130	-
Tax receivables	1,269,519	1,578,852	2,848,371	2,848,371	-
Deferred tax assets	5,062,029	173,786	5,235,815	-	-
Other receivables	521,376	175,592	696,968	696,968	-
Total	**26,432,998**	**(5,066,056)**	**21,366,942**	**15,492,127**	**639,000**

Trade receivables (€ 7,298,848 at 31 March 2022) have decreased versus the previous year (€ 8,265,019), mainly because of the reduction in turnover during the last quarter of the year compared with the same period in 2020-21, which was characterised by the recovery following the lock-downs caused by the pandemic; the reduction was also due to a general streamlining of collection procedures, in relation to the mix of the reference markets, as well as certain collections with earlier due dates than the previous year. Trade receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts of € 571,757, which did not change during the year.

There have not been any changes in the amount or conditions of payment of receivables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Receivables due from the parent company (€ 4,814,810) include guarantee deposits of € 639,000, which are recoverable beyond one year. The difference comprises the trade receivables due from Endurance Overseas S.r.l. € 74,448), and the credit for excess income tax advances paid to the parent company during the year under the group tax election (€ 4,101,362) made pursuant to arts.117 – 129 of the Consolidated Income Tax Act.

Receivables due from fellow subsidiaries comprise trade receivables due from Endurance Castings S.p.A. (€ 93,803) Endurance Engineering S.r.l. (€ 21,999) and Endurance Adler S.p.A. (per € 1,688) all direct subsidiaries of Endurance Overseas S.r.l. and from Endurance GmbH (€ 354,640), a subsidiary of the indirect parent company Endurance Technologies Limited.

The tax receivables mainly consist of VAT credits (€ 595,437), IRAP advances in excess of the amount due (€ 293,215), the tax credit granted for the purchase of new capital goods during the year pursuant to art. 1, paragraphs 184-197, of Laws 160/2019 and 178/2020 (€ 1,214,484), usable in five annual instalments, the R&D tax credit pursuant to art. 1, paragraph 35, Law no. 190 of 23 December 2014 (€ 109,648), the tax credit (pursuant to Legislative Decree no. 4 of 27 January 2022, "Sostegni-ter") in favour of energy-intensive companies accrued in the first quarter of 2022 (€ 450,605), the tax credit (€ 180,000) relating to the conversion of the so-called Super-ACE (pursuant to Decree Law 73/2021, "Sostegni-bis"), and other minor tax credits for the difference. All tax credits are due from the Italian Tax Authorities.

Deferred tax assets at 31 March 2022 amount to € 5,235,815 and mainly relate to differences between the carrying amount of goodwill for statutory and tax purposes, as well as to the deferred deductibility of risk provisions and the different depreciation periods applied to fixed assets for tax purposes with respect to their estimated useful lives. The figure also includes the tax loss recorded during the year and the previous year. This was partly due to the reduction in business volumes because of the ongoing market crisis, but it arose above all because of the deduction for tax purposes of super-and hyper-accelerated depreciation on capital goods bought in previous years. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts.

Other receivables (€ 696,968 at 31 March 2022) include, among others, advances on temporary redundancy benefits paid to employees (€ 148,348), the portions pertaining to March 2022 for the settlement of derivative contracts to hedge commodity price risks (€ 155,343), in addition to various non-trade receivables.

Breakdown of current receivables by geographical area

It has not been deemed meaningful to provide a breakdown of receivables by geographical area, on account of the nature of the customers, which are multinationals operating in the automotive industry with legal entities and plants located in various countries. As regards the geographical distribution of the Company's business, please refer to what is stated in relation to sales revenues.

Current financial assets

Movements in current financial assets

The movements in current financial assets are analysed in the following table.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Other securities	27,010,450	895,536	27,905,986
Treasury management assets	19,749,994	(4,720,138)	15,029,856
Total	*46,760,444*	*(3,824,602)*	*42,935,842*

Other securities comprise short-term investments held by the Company in order to employ available liquidity: in particular, the balance includes insurance policies and units in funds that primarily invest in insurance products (totalling € 20,959,457), European and US bonds (€ 2,901,300), units in funds that invest in secured promissory notes and units in alternative multi-sector investment funds that focus on asset management (€ 4,045,228). These instruments, acquired during the year, have been written down by € 139,852 at the reporting date to reflect their lower current value with respect to their specific cost. In accordance with the applicable accounting standards, no unrealised gains on these instruments have been recognised. The sales that took place during the year resulted in financial income of € 142,341.

Pursuant to art. 2423-ter, para. 3, of the Italian Civil Code and after checking the short-term recoverability of treasury management assets pursuant to OIC 14, the Company has classified the related amount due from Endurance Overseas S.r.l. (decreased during the year by € 4,720,138), which administers the treasury activities of the Group, in asset caption C.3.7) under "Current financial assets".

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	22,460,107	(10,413,959)	12,046,148
Cash on hand	3,066	149	3,215
Total	*22,463,173*	*(10,413,810)*	*12,049,363*

This item principally comprises the balance on bank current accounts at 31 March 2022.

The reduction should be considered together with the change in "Current financial assets", which includes the liquidity generated by the Company during the year. The overall change was caused by the investments made during the year and the repayment of long-term financial payables (without taking out new contracts at 31 March 2022), partially offset by the flow of operating cash generated by the Company during the year. The Company's strategy is for treasury management to maintain a significant level of liquidity, the aim being to ensure that sufficient resources are always available to support its growth plans and to guarantee the sources of liquidity needed to cope with any further slowdowns in the economic recovery; this in consideration of the current market situation, impacted by the slowdown in the post-pandemic recovery caused by the recessive effects of rising inflation and the critical issues encountered in the raw material and energy markets.

Note that the procurement of resources currently being negotiated by the Company in the context of the financial management policies of the Endurance Overseas S.r.l. group continues to benefit from the favourable funding conditions offered to the Group by financial markets.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

The following table shows the changes in prepaid expenses and accrued income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued income	-	7,001	7,001
Prepaid expenses	580,290	(85,940)	494,350
Total prepaid expenses and accrued income	**580,290**	**(78,939)**	**501,351**

Accrued income includes portions of revenues pertaining to the current year which will be received in subsequent periods.

Prepaid expenses mainly include the portions of leasing fees, insurance costs and other costs that pertain to future years.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholders' equity items

The changes in shareholder's equity during the prior year are analysed below:

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	5,000,000	-	-	-	-	5,000,000
Revaluation reserves	2,481,666	-	-	8,636,951	-	11,118,617
Legal reserve	1,000,000	-	-	-	-	1,000,000
Extraordinary reserve	4,962,658	-	-	-	-	4,962,658
Other reserves	21,900,492	-	-	-	-	21,900,492
Retained earnings (accumulated losses)	15,393,620	(5,000,000)	12,639,363	-	-	23,032,983
Net income (loss) for the year	12,639,363	-	(12,639,363)	-	9,197,973	9,197,973
Total	**63,377,799**	**(5,000,000)**	**-**	**8,636,951**	**9,197,973**	**76,212,723**

The changes in shareholder's equity during the year are analysed below:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	5,000,000	-	-	-	5,000,000
Revaluation reserves	11,118,617	-	-	-	11,118,617
Legal reserve	1,000,000	-	-	-	1,000,000
Extraordinary reserve	4,962,658	-	-	-	4,962,658
Other reserves	21,900,492	-	-	-	21,900,492
Reserve for cash flow hedges	-	-	1,482,012	-	1,482,012
Retained earnings (accumulated losses)	23,032,983	9,197,973	-	-	32,230,956
Net income (loss) for the year	9,197,973	(9,197,973)	-	3,748,118	3,748,118
Total	**76,212,723**	**-**	**1,482,012**	**3,748,118**	**81,442,853**

Details of the various other reserves

Share capital at 31 March 2022 amounts to € 5,000,000, represented by 5,000,000 shares with a nominal value of € 1.00 each.

Furthermore, it is hereby disclosed that shareholder's equity includes the following:

- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, comprising the Revaluation reserve pursuant to Law 342/00, of € 1,551,755, and the Revaluation reserve pursuant to Law 126/20, of € 8,636,951 formed in the previous year, both net of substitute tax;
- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, which were used for the bonus capital increase authorised at the extraordinary shareholder's meeting held on 20/11/2000 (using € 170,471 from the pre-existing revaluation reserve created pursuant to Law 72/83).
- Reserve for cash flow hedge, not available and not usable to cover losses. In particular, the item includes the portion, net of related tax impact, of the effective portion of the changes in fair value recorded in the derivative contracts in place with reference to the hedging of financial flows associated with planned transactions that are highly probable; in accordance with the applicable standards, at the time of recognition of the asset or liability involved in the highly probable transaction, the Company transfers the equivalent effective amount of the derivative instrument from the reserve, including it directly in the book value of the asset or liability, adjusting the income or cost of the underlying transaction in the income statement.

Changes in the cash flow hedging reserve during the year are detailed below:

	Interest rate swap	Commodity swap	Total
Net value of the reserve at 31 March 2021	-	-	-
Increase: change in fair value (effective component) of derivative instruments	59,291	2,262,227	2,321,518
Decrease: reversal to the income statement on realisation of the underlying transactions	34,433	(305,525)	(271,092)
Gross amount of the reserve at 31 March 2022	**93,724**	**1,956,702**	**2,050,425**
Deferred tax liability	(22,494)	(545,920)	(568,413)
Net value of the reserve at 31 March 2022	**71,230**	**1,410,782**	**1,482,012**

Availability and use of shareholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as their utilisation in the last three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	5,000,000	Capital		-
Revaluation reserves	11,118,617	Capital	A;B	-
Legal reserve	1,000,000	Revenue	B	-
Extraordinary reserve	4,962,658	Revenue	A;B;C	4,962,658
Other reserves	21,900,492	Revenue	A;B;C	21,900,492
Cash flow hedging reserve	1,482,012			-
Retained earnings (accumulated losses)	32,230,956	Revenue	A;B;C	32,230,956
Total	**77,694,735**			**59,094,106**
Amount not distributable				7,459,087
Residual amount distributable				51,635,019
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The amount not distributable, determined in accordance with art. 2426 of the Italian Civil Code, covers unamortised development costs totalling € 2,223,272 and deferred tax assets of € 5,235,815, which are also deemed to represent unrealised assets.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

The following table shows the changes in provisions for risks and charges.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Derivative financial instruments	50,371	50,371	(50,371)	-
Other provisions	1,421,828	-	-	1,421,828
Total	**1,472,199**	**50,371**	**(50,371)**	**1,421,828**

The provisions recorded in the current and prior years cover liabilities of various kinds - of a trade, tax, labour and corporate nature - and reflect the best estimate of the amounts likely to be payable, based on the information available when preparing the financial statements.

A decrease was recorded during the year which eliminated the provision for derivative liabilities in relation to the adjustment of the negative fair value of the derivative instruments held by the Company.

Employee termination indemnities

Employee termination indemnities amount to € 2,277,173 at 31 March 2022. The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for empoloyee termination indemnities	2,045,988	372,933	141,748	231,185	2,277,173
Total	**2,045,988**	**372,933**	**141,748**	**231,185**	**2,277,173**

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded during the year reflect the indemnity advances paid to employees (€ 141,748).

The charge for the year (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable.

Payables

Payables at 31 March 2022 total € 88,146,461. Pursuant to art. 12, para. 2, of Decree 139/2015, the Company elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to eligible payables that have arisen subsequent to 1 April 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	45,621,756	(14,918,125)	30,703,631	13,283,340	17,420,291

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade payables	52,837,106	(5,262,050)	47,575,056	47,575,056	-
Due to parent companies	725,266	(237,438)	487,828	487,828	-
Payables due to fellow subsidiaries	2,741,708	504,277	3,245,985	3,245,985	-
Taxation payable	524,927	(89,703)	435,224	435,224	-
Due to pension and social security institutions	1,634,390	(72,487)	1,561,903	1,561,903	-
Other payables	4,876,985	(740,150)	4,136,835	4,136,835	-
Total	**108,962,138**	**(20,815,676)**	**88,146,462**	**70,726,171**	**17,420,291**

Amounts due to banks include both the current portion (€ 13,283,340) and the portion due beyond 12 months (€ 17,420,291) of loans obtained from major banks for outstanding financing agreement.

Amounts due to banks saw a significant decrease compared with the previous year due to timely payment of the loan instalments with contractual maturities during the year for a nominal value of € 14,949,628. No new loans were taken out during the year.

The following is a breakdown of medium-term loans outstanding at 31 March 2021 (for which the liabilities are accounted for using the amortised cost approach):

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2022	Within one year	Beyond one year
Gruppo Banco Popolare	10,000,000	30/11/2017 - 5	1,506,021	1,506,021	-
Mediocredito	10,000,000	26/10/2018 - 5	3,000,000	2,000,000	1,000,000
Banca Nazionale del Lavoro	5,000,000	07/12/2018 - 5	2,000,000	1,000,000	1,000,000
Cariparma - Credit Agricole	3,000,000	20/02/2019 - 5	1,217,106	605,666	611,440
CREDEM	5,000,000	10/12/2019 - 4	2,199,799	1,254,675	945,124
Intesa San Paolo	10,000,000	29/01/2020 - 4	5,000,000	2,500,000	2,500,000
Banca Nazionale del Lavoro	5,000,000	01/04/2020 - 5	3,250,000	1,000,000	2,250,000
Gruppo Banco Popolare	10,000,000	30/04/2020 - 5	6,348,081	2,103,397	4,244,684
MCC - Fondo crescita sostenibile	2,705,489	29/04/2020 - 8	2,211,285	332,773	1,878,512
Unicredit (*)	5,000,000	21/01/2021 - 5	4,000,040	999,980	3,000,060
Amortised cost adjustment	-	-	(28,701)	(19,172)	(9,529)
Total	**65,705,489**		**30,703,631**	**13,283,340**	**17,420,291**

(*) backed by a Medio Credito Centrale guarantee

Contracts bear fixed interest rates (between 0.2% and 0.8%) or interest at 3-month or 6-month Euribor plus a variable spread of between 0.002% for more recent contracts and 1.10% for less recent ones, depending on market conditions at the time of signing and the duration of the loan.

As regards trade payables (€ 47,575,056 at 31 March 2022), the change recorded during the year is represented by an appreciable reduction, which is consistent with both the trend in the volume of business in the last quarter of the year compared with the corresponding period of 2020-21 and with the trend in trade receivables.

Payables due to parent companies total € 487,828 and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which are settled on an arm's length basis.

Payables due to fellow subsidiaries (€ 3,245,985 al 31 March 2022) include trade payables to Endurance Castings S.p.A. (€ 3,186,642) and Endurance Engineering S.r.l. (€ 59,343 including the guarantee deposits paid by the affiliate for the rent of the industrial facilities at Grugliasco, owned by the Company), both direct subsidiaries of Endurance Overseas S.r.l.

Tax payables, totalling € 435,224, refer for € 257,143 to payroll withholdings and for € 178,081 to the flat-rate substitute tax charged on the step-up of the higher value of the assets subject to revaluation under Law 126/2020.

Other payables totalling € 4,136,834 principally include amounts due to employees for payroll and related accruals (€ 3,845,479) and other amounts due.

There have not been any changes in the amount or conditions of payment of payables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from shareholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	340,786	1,943,463	2,284,249
Total accrued expenses and deferred income	**340,786**	**1,943,463**	**2,284,249**

Deferred income includes income mainly of commercial nature and other income for grants relating to future years. The latter refer (for € 1,117,455) to concessions for the purchase of new capital goods pursuant to art. 1, paragraphs 184-197, of Law 160/2019, to be accounted for on the basis of the depreciation of the underlying assets and (for € 428,098) to portions of advances on grants received for research projects against expenses planned in future years.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2021-22 is analysed below on a comparative basis:

Description	Year 2021-22	Year 2020-21	Change
1) Revenues from sales of goods and services	131,673,014	135,072,609	(3,399,595)

2) Change in inventories of work in progress, semi-finished and finished products	3,598,653	(2,112,965)	5,711,618
4) Increases in non-current assets from in-house production	1,533,146	1,541,197	(8,051)
5) Other income and revenues			-
Operating grants	1,020,690	1,493,246	(472,556)
Other	1,260,760	1,569,554	(308,794)
Total	**139,086,263**	**137,563,641**	**1,522,622**

Sales revenues for the year (which also include income from the sale to customers of specific equipment used in production, where required by existing contractual agreements) underwent a contraction in line with the trend of the reference market, impacted by factors already described, referable to the slowdown of the post-pandemic recovery due to the increase in inflationary pressure; it was also related to critical issues with certain supply chains (in terms of the availability of parts and fluctuations in the prices of raw materials and components, especially in the technology sector) and to the pressure on the industrial sector (but also on end customers) of the increase in costs for energy commodities, particularly in the second half of the year. These factors, which had already appeared on the market during the year, have deteriorated even more in recent months due to the indirect effect of the geo-political turbulence felt in Europe following the outbreak of war between Russia and Ukraine.

With particular reference to the main customers of the Company, during the year there was a reduction in revenues - due to the trends mentioned above - from the Volkswagen group (-7%) and from the Stellantis group (-6%) compared with the previous year. The opposite trend was seen in the case of Daimler and BMW (albeit with lower volumes).

The Increases in non-current assets from in-house production include the capitalisation of costs (payroll costs in particular) incurred by the Company as part of its R&D activities during the year for the development of new products and the implementation of process innovations in the current production situation.

Other revenues include:

- income from the lease of the Grugliasco industrial site to the subsidiary Endurance Engineering S.r.l. (€ 183,333)
- the portion for the year (€ 570,085) of operating grants relating in particular to:
  - use of photovoltaic systems and those for energy-intensive companies (€ 113,193)
  - those, in the form of tax credits, relating to:
    - investments in plant and machinery of previous years, pursuant to the Tremonti-ter Law (€ 34,140);
    - research and development and innovation expenses pursuant to art. 1, paragraphs 198 - 209 of Law 160 of 27 December 2019 (for a total of € 109,648);
    - investments in capital goods made pursuant to art. 1, paragraph 184-197, Law 160/2019 (substitute rules on super- and hyper-accelerated depreciation) for a total of € 127,115;
    - exercising the faculty introduced by art. 19 of Decree Law 73 of 25 May 2021, converted with modifications by Law 106 of 23 July 2021, for the conversion of the so-called Super-ACE into a tax credit (€ 180,000);
- insurance compensation received (€ 53,780);
- capital gains deriving from the sale of assets (€ 37,345).
- miscellaneous income, including € 461,636 in grants received for a project co-financed by Finpiemonte and Regione Piemonte in the context of ROP-ERDF 2014-2020

Analysis of revenues from sales and services by category of activity

Revenues from sales and services relate entirely (€ 131,673,014) to income from the Company's core business, comprising the engineering of precision and die cast components for the automotive market, as well as related activities.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area

Geographical area	Amount for the current year	Weight %	Amount for the current year	Weight %
ITALY	71,294,521	54%	71,884,263	53%
GERMANY	29,302,915	22%	32,716,641	24%
HUNGARY	20,487,732	16%	19,161,838	14%
POLAND	5,434,906	4%	6,437,668	5%

ROMANIA	2,810,322	2%	2,772,939	2%
OTHER EUROPEAN COUNTRIES	419,651	0%	447,298	0%
OTHER NON-EU COUNTRIES	1,922,968	1%	1,651,962	1%
Total	**131,673,014**	**100%**	**135,072,609**	**100%**

Cost of production

In accordance with the matching principle, costs and charges are recognised on an accruals basis by type of expenditure; they are stated net of returns, allowances, discounts and rebates and classified in the respective captions pursuant to OIC 12. As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter. In the case of the purchase of services, the costs are recorded when the service has been received, or when provision of the service has been completed; if the services are provided on a continuous basis, the costs are recorded for the amount accrued.

Description	2021-22	2020-21	Change
Cost of raw and ancillary materials, consumables and goods for resale	65,902,236	59,446,771	6,455,465
Cost of services	26,495,790	24,826,737	1,669,053
Lease and rental charges	4,555,991	4,811,885	(255,894)
Payroll costs			
Wages and salaries	18,724,994	18,521,197	203,797
Social contributions	5,065,445	4,889,987	175,458
Employee termination indemnities	942,575	830,008	112,567
Other costs	265,521	367,263	(101,742)
Amortisation of intangible assets	912,087	722,667	189,420
Depreciation of tangible fixed assets	12,917,812	12,892,164	25,648
Change in inventory of raw and ancillary materials, consumables and goods	72,394	183,245	(110,851)
Other operating expenses	1,353,833	999,121	354,712
	137,208,678	**128,491,045**	**8,717,633**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

These items, which together have increased as a percentage of the value of production compared with last year (66.4% versus 61.3%), have risen by around 10%, in line with the increase in the cost of raw materials and energy due to the persistence of the pandemic and interruptions of international supply chains, aggravated towards the end of the financial year by the outbreak of war between Russia and Ukraine.

Payroll costs

This item (which increased by 1.6% during the year as a result of the flexibility initiatives implemented to cope with the reduction in sales volumes and the non-linear trend in production at customers' plants) includes all of the costs related to employees, including bonuses, promotions, the cost of unused holidays and the various provisions required by law and collective labour agreements. It also includes the cost of temporary workers (around € 4 million), except for the fees paid to the interim employment agencies which have been charged to income statement line B7.

Lease and rental charges

This caption mainly includes the rental of operating facilities used by the Company from Endurance Overseas S.r.l., as well as finance lease charges relating to plant and machinery employed in the production process. The reduction is mainly due to the natural conclusion of certain lease contracts for production plants subject to redemption during the year.

Depreciation and amortisation

Depreciation is calculated on the basis of the technical useful life of the asset and its exploitation in the production phase. It should be noted that a slightly higher amount was recorded compared with the previous year for amortization of intangible assets (particularly in connection to increases recorded under development costs), while depreciation of tangible assets was in line with the previous year, due to the combined effect of the decrease in the portion of amortization related to revisions of the useful lives of projects and/or phase-outs of certain specific products, and the increase related to the inclusion, in the item, of the portion of amortization pertaining to the year related to the revaluation of fixed assets carried out in the previous year under L. 126 /20.

Other operating expenses

This item includes, among other things, penalties charged by customers, local taxes and non-recurring costs in general not belonging to the core business. These saw an increase, relating in particular to certain costs for quality management incurred in the context of production inefficiencies resulting from irregular trends in production in the Automotive industry.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income from the parent company (€ 58,560) comprises the interest recognised by Endurance Overseas S.r.l. in relation to the outstanding loan (€ 3,000,000 at 31 March 2022) and the credit balances on the cash pooling account.

Other financial income (€ 203,832) mainly includes the interest income accrued and the gains recognised on the purchase and sale of securities and financial investments, in the context of liquidity management by the Company.

Financial charges (€ 298,108) principally include the interest charged on the various loans obtained from third-party lenders.

The net exchange gains (€ 336 in 2021/2022) were almost entirely realised on transactions in currencies other than the euro, which is identified as the functional currency.

Adjustments to financial assets and liabilities

The adjustments to financial assets and liabilities refer to the write-down of securities classified as financial assets and to changes in the Fair value of the derivatives used by the Company in order to align them with their market value (for the portion not included in the Reserve for cash flow hedges).

A comparison with the prior year is presented in the following table:

Description	2021-22	2020-21	Change
Revaluation (Write-down) of securities classified as current assets	2,490	(101,920)	104,410
Revaluation (Write-down) of derivative contracts	50,371	(31,623)	81,994
	52,861	**(133,543)**	**186,404**

Amount and nature of revenues/costs of individual significance

During the current year, no revenues, other positive components or costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The Company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table.

	2021-22	2020-21
Income taxes	**(1,853,052)**	**(509,160)**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	256,082	327,217
of which: Taxation relating to prior years	2,361	20,647

Net change in deferred taxation	(742,200)	(857,024)
income (charges) from tax consolidation	1,369,295	-

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	6,705,921	574,572
Total taxable temporary differences	9,858,754	203,300
Net temporary differences	3,152,833	(371,272)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(4,466,683)	(595,346)
Deferred tax liability (assets) of the year	(768,227)	14,480
Provision for deferred tax liability (assets) at the end of the year	(5,234,910)	(580,866)

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The reversal of deferred tax assets during the year mainly refers to production costs with deferred deductibility that have become definitive and to changes in the items subject to temporary misalignment between the statutory and the tax values (e.g. goodwill, certain tangible fixed assets and provisions for writedowns).

The deferred tax assets recorded during the year mainly refer to the temporary differences arising from the tax loss (not remunerated as part of the tax consolidation) caused by charging hyper-accelerated depreciation for tax purposes only, the above provisions for risks and the misalignment of depreciation based on the estimated useful life of assets for accounting purposes and that applied for tax purposes.

It should be noted that the amount of deferred taxes recognised as a contra-entry to shareholders' equity (in compliance with accounting principle OIC 32) refers to the tax effect relating to the changes in the Cash flow hedging reserve.

The income from the tax consolidation shows the effect of remunerating the tax loss for the year transferred under the group taxation regime pursuant to articles 117-129 of the CTA, which the other companies of the group adhering to the same regime have benefited from.

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages:

	Executives	White collar	Blue collar	Total employees
Average number	10	80	335	425

The workforce at 31 March 2022 (consisting solely of Company employees) comprises 405 persons.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 of the Italian Civil Code., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	10,000	32,760

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services:

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the legal auditor or auditing firm
Amount	21,000	5,550	26,550

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The cost of auditing the annual accounts includes the fees for checking that the books of account have been kept properly, while the other non-audit services relate to the signature of tax declarations and the certification of R&D costs in order to obtain access to the related tax credits.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

In the first few months of 2022-23, despite the persistence of the Covid-19 pandemic, the Company did not suffer any impacts of an exceptional nature and continued its activity in compliance with the regulations then in force to contain infection and the spread of the virus.

The conflict in Ukraine, still ongoing after the end of the year, constitutes a strong element of uncertainty as it is impossible to foresee the outcomes and consequences of this crisis on the fate of the world economy and on the Automotive industry. At present, taking into account the actions that have been taken, we believe that the effects of the conflict, despite being heavily penalising (especially because of the hike in the prices of energy commodities and raw materials), will not be such as to jeopardise the Company's business continuity, also because the Company does not have direct relationships with customers and suppliers in the countries affected by the conflict.

During April, to safeguard the Company's financial stability and sustainability in a period of external turbulence, two medium-term loans were taken out for a total of € 20,000,000 to support the investment programme defined in relation to the new orders received.

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no other events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

Pursuant to art. 2427-bis of the Italian Civil Code and order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amounts in Euro), grouped by type of instrument:

Type of instrument	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2022	Fair value	Number of contracts at 31/03/21	Original notional value	Notional at 31/03/2021	Fair value
Interest rate swap	4	19,000,000	12,000,040	93,724	4	22,500,000	17,850,000	(50,371)
Commodity Swap	2	5,067,972	4,769,856	1,956,702	-	-	-	-
Total	**6**	**24,067,972**	**16,769,896**	**2,050,426**	**4**	**22,500,000**	**17,850,000**	**(50,371)**

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For greater clarity of interpretation, it should be noted that as of 31 March 2021 the Rupee/Euro exchange rate was 86.099 (82.8985 as of 31 March 2020) - (source Thomson Reuters/RBI):

Balance sheet	**At** 31/03/2021	**At** 31/03/2020
Assets		
Non-current assets		
Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Assets held for sale	-	-
Total Assets	**34,376.47**	**29,828.67**

Balance sheet	**At 31/03/2021**	**At 31/03/2020**
Liabilities and shareholders' equity		
Shareholders' equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84
Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and shareholders' equity	**34,376.47**	**29,828.67**

Income Statement	**At 31/03/2021**	**At 31/03/2020**
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	-
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

The report on operations describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

While there is some uncertainty about the definition of the subsidies that fall within the scope of application of the law, it is confirmed that the following funds were received during the year:

- General measures that can be used by all companies in application of current tax laws;
  - Use (in compensation) of the tax credit for the R&D costs incurred the previous year for Euro 442,248;
  - Use (in compensation) of the tax credit for investments in capital goods made pursuant to Law 160/2019, art. 1, paragraph 184-197 (substitutive rules on super- and hyper-accelerated depreciation) recorded in previous years for Euro 47,742;
- The contributions foreseen for certain types of taxpayer based on the activity produced, such as:
  - the one received for not being subject to excise duties for electricity (€ 14,036), pursuant to Legislative Decree 504/95 art. 52 paragraph 2;
  - exemptions (in the form of tax credits) from the duties on diesel for traction (pursuant to art. 8 of Law 448/98), totalling € 725;
- Grants received in relation to the R&D project co-financed by Finpiemonte and Regione Piemonte in the context of ROP-ERDF 2014-2020 (for a total of € 461,636 during the year for expenses incurred in previous years) and by the EU (for a total of € 428,098 subject to full deferral to the future, since it is an advance on grants to cover the expenses envisaged in subsequent years);

Furthermore, it should be noted that the following types of subsidies were granted/recognised, but did not result in the disbursement of funds during the year:

- General measures that can be used by all companies in application of current tax laws;
- Benefits recorded in relation to the accrual of tax credits for R&D and innovation expenses under art. 1, paragraphs 198-209 of Law no. 160 of 27 December 2019 (impact on the income statement for a total of € 109,648, not yet subject to offsetting with taxes for the year) or for investments in capital goods (such as Legislative Decree no. 91/2014, the so-called "Tremonti-quater", for which the Company recorded income during the year of € 31,140, with no impact in terms of cash flows);
- Subsidies in favour of companies with a high consumption of electricity - Energivori 2019 Project for a total of € 1,033,572 (the amount is recognised in the form of a reduction in the tariff applied);
- Subsidies deriving from the transformation into a tax credit accrued for the so-called "super ACE" pursuant to art. 19 of Decree Law 73 of 25 May 2021, converted, with modifications, by Law 106 of 23 July 2021, for € 180,000 (recorded in the form of a tax credit, with no financial effect during the year, not having made any use in compensation)
- Tax credit usable by energy-intensive companies pursuant to Article 15 of Legislative Decree 4/2022, recorded in the financial statements for Euro 450.605 (without any financial effect, as they have not made any use in compensation at the balance sheet date);
- Tax credit for investments in capital goods made pursuant to Law 160/2019, art. 1, paragraph 184-197 (substitutive rules on super-and hyper-accelerated depreciation) recorded during the year for € 1,214. 484 without any financial effect, not having made any use in compensation at the balance sheet date);
- Subsidies in connection with the Company's participation in the "Important projects of common European interest - IPCEI Batteries 1 and IPCEI Batteries 2", for which potential benefits were recognised in terms of contributions to costs for a total of € 8.6 million and € 5.2 million respectively (for expenses to be incurred in future years) with no financial effect during the year.

Proposed allocation of profits or coverage of losses

Shareholders,

In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 3,748,118 to retained earnings.

Explanatory notes, closing section

Shareholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended 31/03/2022, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the books of account.

Chivasso, 16/05/2022

For the Board of Directors

The Managing Director

Samuele Gabutto

ENDURANCE SPA

Head office: VIA REGIONE POZZO 26 CHIVASSO (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 01782370017
Turin Chamber of Commerce no. 518048
Share capital: € 5,000,000.00 subscribed and fully paid
VAT Number: 01782370017
Sole shareholder company
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Financial statements at 31/03/2022

Shareholders,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the independent audit was assigned to Deloitte & Touche S.p.a. by the Shareholders' Meeting of 30/06/2020. Accordingly, this report only explains the supervisory work that we performed in accordance with the law.

Report to the Shareholder's Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended 31/03/2022, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2022

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the independent auditors and, with reference to those meetings, no significant information or data emerged that should be disclosed in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code;

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Supervisory activities pursuant to art. 2403 onwards of the Civil Code

The draft financial statements for the year ended 31/03/2022, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- balance sheet
- income statement
- statement of cash flows
- explanatory notes

The result for the year is net income of € 3,748,118, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022	FY 2021	Difference
FIXED ASSETS	76,004,880	73,609,001	2,395,879
CURRENT ASSETS	99,066,334	114,844,543	(15,778,209)
PREPAID EXPENSES AND ACCRUED INCOME	501,351	580,290	(78,939)

Description	FY 2022	FY 2021	Difference
TOTAL ASSETS	175,572,565	189,033,834	(13,461,269)

Description	FY 2022	FY 2021	Difference
SHAREHOLDERS' EQUITY	81,442,853	76,212,723	5,230,130
PROVISION FOR RISKS AND CHARGES	1,421,828	1,472,199	(50,371)
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	2,277,173	2,045,988	231,185
PAYABLES	88,146,462	108,962,138	(20,815,676)
ACCRUED EXPENSES AND DEFERRED INCOME	2,284,249	340,786	1,943,463
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	175,572,565	189,033,834	(13,461,269)

Income Statement

Description	FY 2022	FY 2021	Difference
VALUE OF PRODUCTION	139,086,263	137,563,641	1,522,622
REVENUES FROM SALES OF GOODS AND SERVICES	131,673,014	135,072,609	(3,399,595)
PRODUCTION COST	137,208,678	128,491,045	8,717,633
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	1,877,585	9,072,596	(7,195,011)
RESULT BEFORE TAXES (A-B+-C+-D)	1,895,066	8,688,813	(6,793,747)
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	(1,853,052)	(509,160)	(1,343,892)
PROFIT (LOSS) FOR THE YEAR	3,748,118	9,197,973	(5,449,855)

We have examined the draft financial statements for the year ended 31/03/2022, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- The accounting policies used in preparing the financial statements at 31/03/2022 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- Pursuant to art. 2426, paragraph 5 of the Italian Civil Code, we acknowledge that, with our consent, development costs have been recognised in balance sheet assets and we have verified that they met the recognition criteria of ascertainable future economic benefits;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at 31/03/2022 do not contain any amounts representing goodwill under intangible assets;
- pursuant to OIC 25, deferred tax assets have been allocated on the tax loss for the year as there is a reasonable certainty that they can be reabsorbed within the next five years.

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2022, as shown in the financial statements, is positive for € 3,748,118.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

Conclusion

Considering the results of the work performed by the independent auditors, as explained in their unqualified audit report, issued without any emphasis of matter on 17/05/2022, we unanimously believe that there are no impediments to approval at the Shareholder's Meeting of the draft annual financial statements at 31/03/2022, as prepared and presented by the Directors.

Milan, 18/05/2022

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Endurance S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance S.p.A. as at March 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 17, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ENDURANCE ENGINEERING SRL

Head office: VIA MORANDI 9, GRUGLIASCO (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 11081890011
Turin Business Register (REA) no. TO 1186114
Quota capital: € 100,000.00 subscribed and fully paid
VAT Number: 11081890011
Sole quotaholder company
Management control and coordination: ENDURANCE OVERSEAS S.r.l.

Report on operations

Financial statements at 31/03/2022

Quotaholders,

The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2022. this document, in compliance with Art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

The most significant event that marked the year to March 2022 is undoubtedly the return of war scenarios in Europe, with the dramatic conflict in Ukraine still ongoing sadly at the time of preparing this report. In response to the humanitarian crisis that unfortunately involved the population following the conflict, Western countries intervened by imposing sanctions that have exacerbated the already existing imbalances, particularly in the supply of raw materials and energy sources. Apart from the recent geopolitical events, which resulted in the military confrontation, the whole of 2021-22 featured by the series of extraordinary events that involved the international community, influencing the market context of the Automotive sector. The first quarter of the year (April-June 2021) began with confirmation of the economy's recovery, facilitated by a progressive easing of the restrictions introduced to deal with the pandemic. The reopening of business contributed to the growth in GDP (+5.3% in the Euro area for 2021) and the Automotive sector also benefited from this recovery. However, starting from the second quarter (July-September), production slowdowns began due to the problems that car manufacturers were encountering in the procurement of semiconductors. The lack of chips and other electronic components then continued over the course of the following quarters, causing a sharp decline in vehicle registrations compared with both the previous year (2020-21, which was heavily influenced by Covid) and with 2019-20 (the last year that enjoyed normal conditions). The spread of the Omicron variant, which forced the reintroduction of health measures, and the increase in inflation due to the rise in the prices of raw materials and energy, also contributed to the slowdown. In fact, gas and electricity prices began to rise in the autumn, affecting all international markets, Europe in particular, with the result that the flow of gas from Russia to European countries decreased. In October-December, the material component of energy suffered price hikes of around 400% compared with the historical average of the previous two years. These increases were then further aggravated in the following quarter by the outbreak of war. This extraordinary and unpredictable explosion in energy prices has had a significant impact on the Company's results, as explained in greater detail below in the section where we analyse our results.

In this complex macroeconomic scenario, registrations of new vehicles during the financial year (from April '21 to March '22) fell overall by -4.9%, considering the European Union and the UK market (the EU on its own -6.3%), with a strong recovery in the first quarter (+66.7%, due more than anything else to the low volumes of the previous year marked by generalised lockdowns) and a contraction of -23.6% in the second quarter, -23.4% in the third quarter and -10.8% in the last quarter. As these were generalised effects, the decreases affected all countries and all car manufacturers with the exception of Spain (+2.4%) and the UK (+4.2%), which had been heavily penalised the previous year. The VW group, the main manufacturer with almost a third of the EU market, recorded a drop in registrations of -8.5%, Stellantis one of -10.8%, Renault -11.7%, BMW -3.7% and Daimler -12.6%. In the last quarter of the year (January - April 2022), the main car manufacturers recorded the following trends in terms of registrations: VW -15.6%, Stellantis -23.9%, Renault -8.1%, BMW -11.46% and Daimler -9.4%.

The data on the production of P&CV vehicles published by IHS MARKIT for the calendar year 2021 show a growth in world production of cars of +2.7% (compared with -16.9% the previous year, going from 61.5 million to 63.2 million vehicles) compared with +3.6% of total registrations. The change by geographical macro area shows the following: EU -5.7%, North America -2.4%, South America +11.2%, Asia +6.7%, Middle East and Africa +15.1%. Within the European Union, Germany was the leading producer with output of 2.9 million vehicles (albeit down 13.2% compared with the previous year), followed by Spain with 1.6 million vehicles (-8.9%), the Czech Republic 1.1 million (-3.4%), Slovakia 1.0 million (+2.7%), France 0.9 million (-1.8%), Italy, Romania and Hungary 0.4 million (-7.9%, -4.0% and -3.0% respectively) compared with the previous year.

In the same period, exports of vehicles from the European Union grew by +3.6% in value, as did imports, which grew in value by +2.3%.

In 2021, the market share of traditional combustion vehicles stood at 59.6% (having been 75.5% the previous year) of the EU market (40.0% petrol and 19.6% diesel), while hybrid vehicles (HEVs) reached 19.6% (11.9% the previous year) and rechargeable electric vehicles (ECVs) accounted for 18.0% (10.5% the previous year) of registrations, with a 9.1% share going to pure electric vehicles (BEV) and 8.9% to plug-in hybrids (PHEV).

From an industrial point of view, it should be remembered that the Company had to cope with erratic logistical planning on the part of customers as they tried to adapt to dysfunctions in the supply chains (especially in the availability of semiconductors). This meant having to face periods of total or partial suspension of production, in some cases having recourse to temporary lay offs with State redundancy benefits.

In this extremely complex market situation, characterised by a series of negative external factors, the Company still managed to achieve positive results.

Key events

As mentioned previously, the Company again suffered the effects of the pandemic during the year.

In any case, the preventive measures introduced and those adopted over time in accordance with the regulatory provisions and protocols, made it possible to contain cases of positivity to the virus, guaranteeing the safety of all workplaces.

The commercial activity carried out during 2021-2022 was particularly positive, acquiring new and important orders that will generate approximately € 3 million in annual turnover when fully operational. The orders obtained mainly concern components destined to Stellantis, CNH and Tyco end customers, which will go into production as early as financial year 2022/23 onwards.

The move from the Turin site to the new Grugliasco site was completed during the year, adapting the new premises, which are being rented from the subsidiary Endurance spa, to our specific needs and optimisations for the moulding of plastic components.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the *National Stock Exchange* (NSE) and the *Bombay Stock Exchange* (BSE) since October 2016.

These management control and coordination activities did not have any particular impact on the Company's activities and its results. We can also confirm that no decisions have been made, influenced by the Company that carries out management control and coordination activities, that might require indication of the reasons and interests affecting them.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	FY 2022	%	FY 2021	%	Change	% Change
WORKING CAPITAL	**8,060,753**	**79.02%**	**8,500,163**	**81.44%**	**(439,410)**	**(5.17%)**
Immediate liquidity	**2,856,094**	**28.00%**	**3,479,573**	**33.34%**	**(623,479)**	**(17.92%)**
Cash and cash equivalents	2,856,094	28.00%	3,479,573	33.34%	(623,479)	(17.92%)
Deferred liquidity	**3,181,625**	**31.19%**	**2,783,159**	**26.66%**	**398,466**	**14.32%**
Current receivables included in working capital	2,114,095	20.72%	1,558,799	14.93%	555,296	35.62%
Financial assets	989,446	9.70%	1,151,083	11.03%	(161,637)	(14.04%)
Accrued income and prepaid expenses	78,084	0.77%	73,277	0.70%	4,807	6.56%
Inventories	**2,023,034**	**19.83%**	**2,237,431**	**21.44%**	**(214,397)**	**(9.58%)**
FIXED ASSETS	**2,140,540**	**20.98%**	**1,937,457**	**18.56%**	**203,083**	**10.48%**
Intangible assets	739,280	7.25%	491,103	4.71%	248,177	50.53%
Tangible fixed assets	1,040,150	10.20%	1,048,304	10.04%	(8,154)	(0.78%)
Financial fixed assets	5	0.00%	5	0.00%	-	-
Non-current portion of receivables included in w.capital	361,105	3.54%	398,045	3.81%	(36,940)	(9.28%)
CAPITAL EMPLOYED	**10,201,293**	**100.00%**	**10,437,620**	**100.00%**	**(236,327)**	**(2.26%)**

Balance Sheet - Liabilities and Quotaholder's Equity

Item	FY 2022	%	FY 2021	%	Change	% Change
LIABILITIES	**4,214,785**	**41.32%**	**5,119,330**	**49.05%**	**(904,545)**	**(17.67%)**
Current liabilities	**3,911,431**	**38.34%**	**4,231,041**	**40.54%**	**(319,610)**	**(7.55%)**
Current payables	3,826,640	37.51%	4,216,728	40.40%	(390,088)	(9.25%)
Accrued expenses and deferred income	84,791	0.83%	14,313	0.14%	70,478	492.41%
Non-current liabilities	**303,354**	**2.97%**	**888,289**	**8.51%**	**(584,935)**	**(65.85%)**
Non-current payables	63,896	0.63%	655,706	6.28%	(591,810)	(90.26%)
Provisions for risks and charges	421	0.00%	2,117	0.02%	(1,696)	(80.11%)
Employee termination indemnities	239,037	2.34%	230,466	2.21%	8,571	3.72%
EQUITY	**5,986,508**	**58.68%**	**5,318,290**	**50.95%**	**668,218**	**12.56%**
Quota capital	100,000	0.98%	100,000	0.96%	-	-
Reserves	1,919,680	18.82%	1,920,000	18.39%	(320)	(0.02%)
Retained earnings (accumulated losses)	3,298,291	32.33%	2,675,109	25.63%	623,182	23.30%
Net income (loss) for the year	668,537	6.55%	623,181	5.97%	45,356	7.28%
FINANCING SOURCES	**10,201,293**	**100.00%**	**10,437,620**	**100.00%**	**(236,327)**	**(2.26%)**

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
Fixed asset coverage	336.42%	345.48%	(2.62%)
Banks/Working capital	7.86%	14.83%	(47.01%)
Debt ratio	0.70	0.96	(26.66%)
Financial debt ratio	0.12	0.25	(52.00%)
Equity to capital employed	58.68%	50.95%	15.18%
Financial charges to turnover	0.22%	0.37%	(40.54%)
Current ratio	206.08%	200.90%	2.58%
Fixed assets/Equity	4,207,073.00	3,778,878.00	11.33%
Primary coverage ratio	3.36	3.45	(2.61%)
(Equity + non-current liabilities) - Fixed assets	4,510,427.00	4,667,167.00	(3.36%)
Secondary coverage ratio	3.53	4.03	(12.41%)
Net working capital	4,149,321.00	4,269,122.00	(2.81%)
Acid test margin	2,126,287.00	2,031,691.00	4.66%
Acid test ratio	154.36%	148.02%	4.28%

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	FY 2021-22	%	FY 2020-21	%	Change	% Change
VALUE OF PRODUCTION	**11,784,089**	**100.00%**	**10,113,407**	**100.00%**	**1,670,682**	**16.52%**
- Consumption of raw materials	5,265,397	44.68%	4,583,014	45.32%	682,383	14.89%
- General expenses	2,033,256	17.25%	1,507,625	14.91%	525,631	34.86%
VALUE ADDED	**4,485,436**	**38.06%**	**4,022,768**	**39.78%**	**462,668**	**11.50%**
- Payroll costs	2,825,834	23.98%	2,578,690	25.50%	247,144	9.58%
- Provisions	-	-	-	-	-	#DIV/0!
GROSS OPERATING MARGIN	**1,659,602**	**14.08%**	**1,444,078**	**14.28%**	**215,524**	**14.92%**
- Depreciation, amortisation and writedowns	688,291	5.84%	399,275	3.95%	289,016	72.39%
- Other operating expenses	191,406	1.62%	66,925	0.66%	124,481	186.00%
INCOME BEFORE FINANCIAL ITEMS	**779,905**	**6.62%**	**977,878**	**9.67%**	**(197,973)**	**(20.25%)**
+ Financial items	(22,480)	(0.19%)	(34,833)	(0.34%)	12,353	(35.46%)
INCOME BEFORE TAX	**757,425**	**6.43%**	**943,045**	**9.32%**	**(185,620)**	**(19.68%)**
- Taxation	88,888	0.75%	319,864	3.16%	(230,976)	(72.21%)
NET INCOME	**668,537**	**5.67%**	**623,181**	**6.16%**	**45,356**	**7.28%**
EBITDA	**1,468,196**	**12.46%**	**1,377,153**	**13.62%**	**91,043**	**6.61%**

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
R.O.E.	11.17%	11.72%	(4.70%)
R.O.I.	27.89%	48.99%	(43.07%)
R.O.S.	6.47%	10.00%	(35.30%)
R.O.A.	7.65%	9.37%	(18.40%)

Information required by art. 2428 of the Civil Code

The detailed information specifically required by art. 2428 of the Italian Civil Code is presented below.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.
There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Furthermore, the tightening of international sanctions is affecting uncertainties about the trend in prices of energy commodities, basic materials (metals in particular) and agricultural products with repercussions on consumer prices and the growth prospects for the Euro area. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.
What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the Company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions).
Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).
Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate swaps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates
The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Italian Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators

Information on the environment

In the context of specific policies adopted by Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year ended 31 March 2022 on the monitoring and maintenance of adequate environmental protection standards, in compliance with the requirements of ISO 14001:2015 on environmental management systems, and of occupational health and safety pursuant to ISO 45001:2018.

Employee training sessions covered the following topics: specific job training in compliance with the criteria of the State - Regions Agreement of December 2011, updating and specific training for the persons in charge of safety at work, update for First Aid and Emergency Teams staff, Workers' Safety Representative training update.

In order to facilitate the improvement of the safety and quality levels of the working environment, a centralised aspiration system was installed to serve the production islands, and the press/mould cooling system was made more efficient by means of a new generation adiabatic (i.e. thermally isolated) free cooler system and related interconnection system, the ban on the transit of forklifts in the press department and the use of electric pallet trucks with evident reduction of the investment risk, the adoption of updated procedures in various company areas.

In order to help improve fire safety levels, various interventions were made on the structures of the buildings with the creation of elements/subdivisions with fire resistance characteristics suitable for the risk of fire.

Simulations were carried out of emergency scenarios, such as fire, evacuation, illness with the participation of the staff.

Lastly, in relation to the monitoring of the risk and impact assessment system, the Risk Assessment Document and the Environmental Impact Register were updated with the identification and analysis of risks and opportunities (focusing in particular on environmental emergency management or safety of workers according to appropriate procedures in order to identify and define the actions needed to prevent future accidents).

Consequent to the Coronavirus pandemic, precautionary measures were adopted and continuously monitored pursuant to the “Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace”, prepared pursuant to the protocol agreed between the government and the social partners on 14 March 2020, as extended on 24 April 2020 and subsequent amendments.

Considering the current and ongoing Covid-19 healthcare crises and in compliance with the decisions made by the Endurance Group and the authorities, the Company continues to adopt and implement the following measures:

- observance of the Protocol described.
- supply to personnel of certified surgical masks, disinfectant solutions and materials for the cleaning and sanification of their working environments, as well as the maintenance of social distancing.
- to the extent feasible, the Company has extended to all job descriptions the ability to make recourse to smart working, giving preference to this approach over attendance in the workplace.

Information on personnel management

The Company's average workforce during the year rose to 54 employees from the prior year figure of 58. The workforce consisted of 53 people at the end of the year.

During 2021-22, the main training events covered the following topics:

- technical area: training courses for AIAG's Plastic Moulding Assessment

The courses delivered - covering the environment, safety and other topics - involved the workforce in a total of 254 hours of activities, carried out both internally and externally (in addition to the OTJ training support provided).

In the second half of the year, which was the period of greatest irregularity in the automotive supply chains due to the shortage of semiconductors and a reprisal of phenomena related to the pandemic, the Company resorted to the use of social safety nets to deal with production stoppages and the lower level of business activity.

Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, with respect to which it was decided not to capitalise the costs incurred.

To support the acquisition of new products and modifications of existing ones, RFQs have been managed, preparing technical reviews and elaborating estimates in the various project phases and in the various scenarios proposed by the main customers.

With particular reference to the set-up and validation activities of the new production plant (in Grugliasco), the technical body was part of the inter-functional team of EE (Manufacturing, Quality Supply Chain, Project Management) assisting the plant relocation activities, through the support to the Quality and Manufacturing bodies in obtaining the "approval to produce" following the process re-qualifications on all products in operation, as required by the quality standards and industry best practices.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis of the Italian Civil Code, it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below.

Receivables from affiliates recorded under current assets

Description	FY 2022	FY 2021	Change
from parent companies	12,414	55,335	(42,921)
from fellow subsidiaries	80,347	148,938	(68,591)
Total	*92,761*	*204,273*	*(111,512)*

The amounts receivable from the parent company (€ 12,414) reflect the tax advance paid to Endurance Overseas S.r.l. during the year, in the context of the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act (TUIR), to the extent that it exceeds the actual tax charge for the year.

The Receivables due from fellow subsidiaries (€ 80,347 at 31 March 2022) refer to trade receivables from companies subject to common control (hereinafter also referred to as "affiliates") Endurance SpA (for € 59,343 including, for € 50,000, the deposits paid in connection with the current lease) and Endurance GmbH (€ 21,004).

Payables to and loans from affiliates

Description	FY 2022	FY 2021	Change
due to parent companies	60,705	33,127	27,578
due to fellow subsidiaries	21,999	1,492	20,507
Total	*82,704*	*34,619*	*48,085*

Payables due to parent companies at 31 March 2022 (€ 60,705) trade payables for administrative, financial and support services provided by the parent company to Group companies (under specific service agreements settled on arm's-length terms).

Payables due to fellow subsidiaries comprise trade payables due to Endurance S.p.A.

Treasury shares

Pursuant to arts. 2435 bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year

Business outlook

The problems and uncertainties that characterised this last year are not likely to disappear any time soon. The International Monetary Fund recently issued forecasts that, despite the multiple risk factors existing on the international scene and even though they are lower than expected in January, see global GDP growth for 2022 of +3.6%, with +3.7% for the USA, +2.8% for the Euro Area (+2.3% for Italy and +2.1% for Germany) and +3.8% for emerging economies (+4.4% for China and +8.2% for India).

In early February 2022, before the conflict in Ukraine began, ACEA (the European Automobile Manufacturers' Association) forecast an increase in registrations in the European Union of 7.9% for the year 2022, mainly thanks to more stable supplies of semiconductor. No updated forecasts have been made subsequently, but the expectation is for a decidedly less favourable trend, as demonstrated by the preliminary figures for registrations in the month of April which show a contraction compared with the previous year of more than 20% for the most of the main European markets.

The result was also affected by temporary factors, such as the production stoppages suffered by manufacturers due to the absence of components from Ukraine, but it is a consolidated fact that waiting times for the delivery of vehicles to end customers are much longer than they were for many types of vehicles.

Temporary factors aside, which should hopefully be resolved quickly, there are still unknowns that are more difficult to resolve quickly because they are the result of geopolitical situations that seem definitively compromised. The sanctions and the progressive embargo already implemented or planned for supplies from Russia, for energy in particular, but also for basic materials and foodstuffs, will entail extra costs in procurement destined to weigh on the purchasing power of consumers and businesses with significant impacts in terms of inflation. This will also lead to an increase in interest rates, which have already risen significantly in recent months, and this will further reduce the share of those willing to take on debt to finance their propensity to consume.

Even the possibility that the emergence of new variants of Covid may induce some countries to carry on with periods of lockdown, could continue to cause disruptions in procurement and supply chains.

At the moment there is a lot of uncertainty because the outcomes and consequences that the various crisis scenarios will have on the fate of the world economy, and therefore on the repercussions for the Automotive sector, are not yet clear.

We are well aware of the complex situation in which we will have to operate. We will have to maintain the highest possible flexibility, while waiting for the initiatives announced by the government to resolve the structural conditions that have deteriorated because of the international context. It is important that the national and European authorities continue to support the economy, as shown by the latest measures that they have adopted. They need to address situations of general difficulty, those of a macroeconomic nature, which afflict Continental Europe in particular.

The financial resources that we have available will make allow us to cover our commitments, certainly for the next 12 months, despite the persistence of external conditions that are far from optimal.

Based on the available product portfolio and in the absence of further serious external shocks, we believe we can achieve positive results in the coming year.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant and consequent to paragraph 3.6-bis of art. 2428 of the Italian Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging one IRS contract in connection to one of loans in place. The fair value of these hedging instruments is disclosed in the explanatory notes.

Secondary locations

In accordance with art. 2428 of the Civil Code, details are provided below of the secondary locations used by the Company:

Address	Location
VIA MORANDI 9	GRUGLIASCO

Conclusion

Quotaholders, In light of the considerations set out above and of disclosures made in the explanatory notes, we invite you:

- to approve the financial statements at 31/03/2022 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Turin, 16/05/2022

For the Board of Directors

The Managing Director

Fabrizio Rebuffo

General information on the company

Company data

Name:	ENDURANCE ENGINEERING SRL
Registered office:	VIA MORANDI 9 GRUGLIASCO TO
Quota capital:	100,000.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	11081890011
Tax code:	11081890011
REA Number:	1186114
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	222909
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE OVERSEAS SRL
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2022

Balance sheet

	31/03/2022	31/03/2021
Assets		
B) Fixed assets		
I - Intangible assets	-	-
3) industrial patent rights and intellectual property rights	6,003	9,338
6) assets in process of formation and advance payments	-	287,569
7) other	733,277	194,196
Total intangible assets	*739,280*	*491,103*
II - Tangible fixed assets	-	-
1) land and buildings	8,205	25,974
2) plant and machinery	867,096	640,855

	31/03/2022	31/03/2021
3) industrial and commercial equipment	86,455	130,098
4) other assets	78,394	41,627
5) assets under construction and advance payments	-	209,750
Total tangible fixed assets	*1,040,150*	*1,048,304*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	5	5
Total equity investments	*5*	*5*
Total financial fixed assets	*5*	*5*
Total fixed assets (B)	*1,779,435*	*1,539,412*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	1,010,857	874,652
2) work in process and semi-finished products	59,471	61,068
4) finished products and goods	952,706	1,301,711
Total inventories	*2,023,034*	*2,237,431*
II - Receivables	-	-
1) from customers	1,287,332	1,112,634
due within one year	1,287,332	1,112,634
4) from parent companies	12,414	55,335
due within one year	12,414	55,335
5) fellow subsidiaries	80,347	148,938
due within one year	80,347	148,938
5-bis) tax receivables	302,735	142,735
due within one year	302,735	142,735
5-ter) deferred tax assets	361,105	386,545
5-quarter) from others	431,267	110,657
due within one year	431,267	99,157
due beyond one year	-	11,500
Total receivables	*2,475,200*	*1,956,844*
III - Current financial assets	-	-
treasury management assets	989,446	1,151,083
Total current financial assets	*989,446*	*1,151,083*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	2,855,437	3,479,551
3) cash on hand	657	22
Total cash and cash equivalents	*2,856,094*	*3,479,573*

	31/03/2022	31/03/2021
Total current assets (C)	*8,343,774*	*8,824,931*
D) Accrued income and prepaid expenses	**78,084**	**73,277**
Total assets	*10,201,293*	*10,437,620*
Liabilities and quotaholders' equity		
A) Quotaholders' equity	**5,986,508**	**5,318,290**
I - Quota capital	100,000	100,000
IV - Legal reserve	20,000	20,000
VI - Other distinctly indicated reserves	-	-
Paid in for future capital increase	1,900,000	1,900,000
Total other reserves	*1,900,000*	*1,900,000*
VII - Cash flow hedging reserve	(320)	-
VIII - Retained earnings (accumulated losses)	3,298,291	2,675,109
IX - Net income (loss) for the year	668,537	623,181
Total quotaholders' equity	5,986,508	5,318,290
B) Provision for risks and charges		
3) derivative financial instruments	421	2,117
Total provisions for risks and charges	*421*	*2,117*
C) Employee termination indemnities	**239,037**	**230,466**
D) Payables		
4) due to banks	655,706	1,308,539
due within one year	591,810	652,833
due beyond one year	63,896	655,706
7) trade payables	2,227,457	2,880,153
due within one year	2,227,457	2,880,153
11) due to parent companies	60,705	33,127
due within one year	60,705	33,127
11-bis) due to fellow subsidiaries	21,999	1,492
due within one year	21,999	1,492
12) tax payables	55,878	62,376
due within one year	55,878	62,376
13) due to pension and social security institutions	181,221	154,879
due within one year	181,221	154,879
14) other payables	687,570	431,868
due within one year	687,570	431,868
Total payables	*3,890,536*	*4,872,434*
E) Accrued expenses and deferred income	**84,791**	**14,313**
Total liabilities and quotaholders' equity	*10,201,293*	*10,437,620*

Income statement

	31/03/2022	31/03/2021
A) Value of production		
1) revenues from sales of goods and services	11,830,687	9,684,039
2) Change in inventories of work in progress, semi-finished and finished products	(275,483)	329,836
5) other income and revenues	-	-
operating grants	31,976	20,469
other	196,909	79,063
Total other income and revenues	*228,885*	*99,532*
Total value of production	*11,784,089*	*10,113,407*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	5,332,683	4,625,786
7) services	1,751,455	1,254,946
8) lease and rental charges	281,801	252,679
9) payroll	-	-
a) wages and salaries	2,041,796	1,903,077
b) social contributions	644,857	523,262
c) termination indemnities	138,682	133,472
e) other costs	499	18,879
Total payroll costs	*2,825,834*	*2,578,690*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	144,431	37,071
b) depreciation of tangible fixed assets	543,860	341,385
d) writedowns of current receivables and liquid funds	-	20,819
Total depreciation, amortisation and writedowns	*688,291*	*399,275*
11) Change in inventory of raw and ancillary materials, consumables and goods	(67,286)	(42,772)
14) other operating expenses	191,406	66,925
Total cost of production	*11,004,184*	*9,135,529*
Difference between production value and cost (A - B)	**779,905**	**977,878**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
other	20	18
Total income other than the above	*20*	*18*
Total other financial income	*20*	*18*

	31/03/2022	31/03/2021
17) interest and other financial charges	-	-
other	24,617	35,901
Total interest and other financial charges	*24,617*	*35,901*
Total financial income and charges (15+16-17+-17-bis)	*(24,597)*	*(35,883)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	2,117	1,050
Total revaluations	*2,117*	*1,050*
Total adjustments to financial assets and liabilities (18-19)	*2,117*	*1,050*
Result before taxes (A-B+-C+-D)	**757,425**	**943,045**
20) Income taxes for the year, current and deferred		
current taxation	20,550	23,206
taxation relating to prior years	1,011	-
deferred taxation	25,542	114,740
income (charges) from tax consolidation/tax transparency	(41,785)	(181,918)
Total income taxes for the year, current and deferred	*88,888*	*319,864*
21) Net income (loss) for the year	**668,537**	**623,181**

Statement of cash flow (indirect method)

	Amount at 31/03/2022	Amount at 31/03/2021
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	668,537	623,181
Taxation	88,888	319,864
Interest expense/(interest income)	24,597	35,883
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*782,022*	*978,928*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	12,231	3,853
Depreciation and amortisation of fixed assets	688,291	378,456
Writedowns for permanent losses		20,819
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	(320)	
Total adjustments for non-cash items that had no contra-entry in net working capital	*700,202*	*403,128*
2) Cash flow before changes in net working capital	*1,482,224*	*1,382,056*
Change in net working capital		
Decrease/(Increase) in inventory	214,397	(372,609)
Decrease/(Increase) in trade receivables	(106,107)	278,450
Increase/(Decrease) in trade payables	(604,611)	(3,293)
Decrease/(Increase) in prepaid expenses and accrued income	(4,807)	5,098
Increase/(Decrease) in accrued expenses and deferred income	70,478	(9,543)
Other decreases/(Other Increases) in net working capital	(262,153)	215,500
Total changes in net working capital	*(692,803)*	*113,603*
3) Cash flow after changes in net working capital	*789,421*	*1,495,659*
Other adjustments		
Interest collected/(paid)	(24,597)	(35,883)
(Income taxes paid)	36,563	(2,297)
(Use of provisions)	(5,356)	(350,803)
Total other adjustments	*6,610*	*(388,983)*
Cash flow from operating activities (A)	***796,031***	***1,106,676***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(392,608)	(494,534)
Intangible assets		
(Investments)	(535,706)	(487,484)
Current financial assets		
Disposals	161,637	90,479

	Amount at 31/03/2022	Amount at 31/03/2021
Cash flow from investing activities (B)	***(766,677)***	***(891,539)***
C) Cash flows from financing activities		
Third-party funds		
(Repayment of loans)	(652,833)	(645,962)
Own funds		
(Dividends and interim dividends paid)		(1,000,000)
Cash flow from financing activities (C)	***(652,833)***	***(1,645,962)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(623,479)***	***(1,430,825)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	3,479,551	4,909,402
Cash on hand	22	996
Total cash and cash equivalents at the beginning of the year	3,479,573	4,910,398
Cash and cash equivalents at the end of the year		
Bank and postal deposits	2,855,437	3,479,551
Cash on hand	657	22
Total cash and cash equivalents at the end of the year	2,856,094	3,479,573

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

The "Increase (Decrease) in non-current financial assets" relates to the change in the treasury management (cash pooling) account managed by Endurance Overseas S.r.l., which decreased during the year by € 161,637.

Explanatory notes, first part

Quotaholders,

These explanatory notes are an integral part of the financial statements for the year ended 31 March 2022.

The financial statements submitted for your approval report net income of € 668,537, after taxes of € 88,888 and depreciation and amortisation of € 688,291

Form and content of the financial statements

The financial statements at 31 March 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

However, the pandemic continued to influence economic trends worldwide during the year, including the sector to which Endurance belongs. The Company was also affected by the slowdown in registrations of new vehicles, and therefore in demand for our goods and services, due to external events such as the difficulty of manufacturers in finding semiconductors and the increase in the cost of energy and raw materials.

Further aggravating the general picture were the serious repercussions that the conflict in Ukraine is causing at a macroeconomic level, starting in the latter part of the financial year, due to the continuing rise in energy and raw material prices. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. Given the significant amount of electricity and gas consumed in the Company's production process, the sharp rise in the cost of energy factors significantly impacted its results.

To help businesses cope with the consequences of expensive energy, some temporary concessions have been introduced to mitigate the increase in costs through the recognition of tax credits of variable amounts depending on whether or not they belong to the categories of so-called high energy or gas-consuming companies.

Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. The financial statements have been prepared on a consistent basis with the accounting policies applied the previous year.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of Art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to art. 2423 ter of the Civil Code, we can confirm that all financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible assets	Amortisation period
Start-up and expansion costs	5 years on a straight line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Concessions, licences, trademarks and similar rights	5 years on a straight line basis
Other intangible assets	5 years on a straight line basis

Start-up and expansion costs have been capitalised as they involve long-term benefits; these costs are amortised over a period that does not exceed five years.

"Concessions, licences, trademarks and similar rights" mainly include capitalised costs for the purchase of software.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently put at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant to Art. 10 of Law 72 of 19 March 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the intangible assets recorded in the books have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Pursuant to art. 10 of Law 72 of 19 March 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the tangible assets recorded in the books have never been revalued.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed asset items	Depreciation rate
Temporary constructions	10.00%
General plant	7.50%
Specific machinery	12.50%
Sundry and minor equipment	12.50%
Motor cars	25.00%
Internal transport vehicles	20.00%
Electronic office machines	20.00%
Furniture and shelving	12.00% - 12.50%
Assets costing less than € 516.46	100.00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition *(pro rata temporis)*.
Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.
If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.
Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.
Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment. Debt securities are measured using the amortised cost method.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

The amortised cost of a security is its original carrying amount, net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value. The original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to quotaholders' equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, or the realisable value inferred from market prices.

In particular, the specific criteria used to measure the various categories of inventory (unchanged with respect to the prior year) are summarised below:

- Raw materials: annual weighted average cost.
- Work in process (semi-finished products): specific cost with the weighted average cost approach based on the stage of completion of the production process, which represents the cost of production.
- Finished products: specific cost with the weighted average cost approach.
- Dies for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in shareholders' equity (under the “Cash flow hedging reserve”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to quotaholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Cash flow hedging reserve") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from services are recognised upon completion and/or when earned.

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the quotaholders' meeting.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as “deferred tax assets” and among the provisions for risks and charges as “deferred tax liabilities”.

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the quotaholder.

Also for the year under review the Company forms part of the Endurance domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.)

Endurance Overseas S.r.l. is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

However, the Company does not have any assets or liabilities denominated in foreign currency at the balance sheet date.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards.

The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 739,280 at 31 March 2022, after charging amortisation of € 144,431 to the income statement.

Movements in intangible assets

The table shows the movements in fixed assets during the year:

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Balance at the beginning of the year						
Cost	2,788	57,726	1,800,000	287,569	625,012	2,773,095
Amortisation (Accumulated amortisation)	2,788	48,388	1,620,000	-	430,816	2,101,992
Writedowns	-	-	180,000	-	-	180,000
Carrying amount	-	9,338	-	287,569	194,196	491,103
Changes during the year						
Additions	-	-	-	-	392,608	392,608
Reclassifications (of the carrying amount)	-	-	-	(287,569)	287,569	-
Amortisation for the year	-	3,335	-	-	141,096	144,431
Total changes	*-*	*(3,335)*	*-*	*(287,569)*	*539,081*	*248,177*
Balance at the end of the year						
Cost	2,788	57,726	1,800,000	-	1,004,105	2,864,619
Amortisation (Accumulated amortisation)	2,788	51,723	1,620,000	-	270,828	1,945,339
Writedowns	-	-	180,000	-	-	180,000
Carrying amount	-	6,003	-	-	733,277	739,280

The increases recorded during the year for a total of € 392,608 and the reclassification of construction in progress and advances for € 287,569 mainly refer to expenses incurred for interventions and improvements made to third party assets to adapt the Company's new plant in Grugliasco, made available through a lease agreement with a fellow subsidiary Endurance SpA. To a residual extent, the total also includes software purchases.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. The adjustment of goodwill in prior years (fully amortised at 31 March 2019), indicated in the above table, was not a reflection of impairment, but rather of a change in its useful life following a revision of the expected time needed to develop the Company's business.

Tangible fixed assets

Gross tangible fixed assets total € 3,132,786 at 31 March 2022, accumulated depreciation amounts to € 2,092,636 including the charge for the year of € 543,860.

Movements in tangible fixed assets

The table shows the movements in fixed assets during the year

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	67,674	1,866,030	442,540	168,572	209,750	2,754,566
Depreciation (Accumulated depreciation)	41,700	1,225,175	312,442	126,945	-	1,706,262
Carrying amount	25,974	640,855	130,098	41,627	209,750	1,048,304
Changes during the year						
Additions	2,461	502,789	12,701	55,121	-	573,072
Reclassifications (of the carrying amount)	-	209,750	-	-	(209,750)	-
Disposals (at carrying amount)	17,648	19,534	184	-	-	37,366
Depreciation for the year	2,582	466,764	56,160	18,354	-	543,860
Total changes	*(17,769)*	*226,241*	*(43,643)*	*36,767*	*(209,750)*	*(8,154)*
Balance at the end of the year						
Cost	18,885	2,436,923	453,285	223,693	-	3,132,786
Depreciation (Accumulated depreciation)	10,680	1,569,827	366,830	145,299	-	2,092,636
Carrying amount	8,205	867,096	86,455	78,394	-	1,040,150

The increases recorded during the year refer to purchases to continue modernising the new production lines installed at the Grugliasco plant.

With specific reference to the assessment of the impairment indicators resulting from the health emergency, in response also to the request of the group to which they belong, a careful analysis of the prospective financial flows was made and, on the basis of the information currently available, we reached the conclusion that it was not necessary to make any write-downs pursuant to art. 2426 paragraph 1.3 of the Italian Civil Code as the presence of indicators of potential impairment of tangible fixed assets was assessed, without identifying any, as required by OIC 9.

Finance leases

As at the balance sheet date the company is not party to any finance lease contracts.

Financial fixed assets

All the equity investments recorded in the financial statements are stated at cost, where cost is intended to be the expense incurred for the purchase, regardless of the manner of payment, comprising any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.).

The value of the investments recorded in the financial statements, equal to € 5 (unchanged with respect to the previous year) refers to consortium shares.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

Inventories amount to € 2,023,034 at 31 March 2022 (€ 2,237,431 at 31 March 2021) and are stated net of an allowance for obsolete and slow-moving items totalling € 131,186, which was increased by € 46,768 during the year, to adjust it to slow-moving and obsolete items:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	874,652	136,205	1,010,857
Work in process and semi-finished products	61,068	(1,597)	59,471
Finished products and goods	1,301,711	(349,005)	952,706
Total	*2,237,431*	*(214,397)*	*2,023,034*

There are no inventories that have suffered reductions in their market value to below their book value because to Covid-19 or because of sales orders being cancelled; nor have such events taken place because of the conflict in Ukraine, as the Company's customers or suppliers are not directly involved in these areas.

Current receivables

Current receivables total € 2,475,200 at 31 March 2022 and have increased since 31 March 2021 (€ 1,956,844), as shown in the following table.

These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations..

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year
Trade receivables	1,112,634	174,698	1,287,332	1,287,332
Receivables due from parent companies	55,335	(42,921)	12,414	12,414
Receivables due from fellow subsidiaries	148,938	(68,591)	80,347	80,347
Tax receivables	142,735	160,000	302,735	302,735
Deferred tax assets	386,545	(25,440)	361,105	-
Other receivables	110,657	320,610	431,267	431,267
Total	**1,956,844**	**518,356**	**2,475,200**	**2,114,095**

The nominal value of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 23,432 (which is unchanged since last year).

There have not been any changes in the amount or conditions of payment of receivables, nor breaches of contractual clauses related to the pandemic, nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

The receivables due from parent companies (€ 12,414) reflect the tax advance paid to Endurance Overseas S.r.l. during the year, in the context of the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act (TUIR), to the extent that it exceeds the actual tax charge for the year.

The Receivables from fellow subsidiaries (€ 80,347 at 31 March 2022) refer to trade receivables from the companies subject to common control ("affiliates") Endurance SpA (for € 59,343 including, for € 50,000, the deposits paid in connection with the current lease) and Endurance GmbH (€ 21,004).

Tax receivables (€ 302,735 at 31 March 2022) refer for € 183,837 to the VAT credit and for € 17,999 to the credit balance between the IRAP payable for the year and the amount paid as an advance, for € 100,900 to credits mainly for the Eco-bonus and Super-ACE.

Deferred tax assets (€ 361,105 at 31 March 2022) mainly relate to temporary differences between the statutory accounts bases and the tax bases of the carrying amount of goodwill and the deductibility of provisions for risks and writedowns recognised in prior years.

Receivables from others (€ 431,267 at 31 March 2022) mainly refer to advances paid to suppliers.

Breakdown of current receivables by geographical area

A breakdown by geographical area of receivables has not been provided as the information is not significant, given that almost all receivables are due from domestic customers.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within “Current financial assets”.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Treasury management assets	1,151,083	(161,637)	989,446
Total	*1,151,083*	*(161,637)*	*989,446*

The item refers to the positive balance due from the parent company Endurance Overseer S.r.l. as of 31 March 2022, pursuant to the current cash pooling contracts.

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
bank and postal deposits	3,479,551	(624,114)	2,855,437
cash on hand	22	635	657
Total	*3,479,573*	*(623,479)*	*2,856,094*

This item principally comprises the balance on bank current accounts at 31 March 2022.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

Prepaid expenses at 31 March 2022 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Prepaid expenses	73,277	4,807	78,084
Total prepaid expenses and accrued income	**73,277**	**4,807**	**78,084**

This item relates to prepaid rentals, services and insurance premiums.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and quotaholders' equity

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in quotaholders' equity items

The changes in the Company's equity items during the prior year (ended 31/03/2021) are as follows:

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	100,000	-	-	-	100,000
Legal reserve	20,000	-	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	-	1,900,000
Retained earnings (accumulated losses)	2,391,708	-	283,401	-	2,675,109
Net income (loss) for the year	1,283,401	(1,000,000)	(283,401)	623,181	623,181
Total	**5,695,109**	**(1,000,000)**	**-**	**623,181**	**5,318,290**

The changes in the Company's equity items during the year ended 31/03/2022, are shown below:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Result for the year	Balance at the end of the year
Capital	100,000	-	-	-	-	100,000
Legal reserve	20,000	-	-	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	-	-	1,900,000
Cash flow hedging reserve	-	-	-	320	-	(320)

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Result for the year	Balance at the end of the year
Retained earnings (accumulated losses)	2,675,109	623,181	1	-	-	3,298,291
Net income (loss) for the year	623,181	(623,181)	-	-	668,537	668,537
Total	**5,318,290**	**-**	**1**	**320**	**668,537**	**5,986,508**

Availability and use of quotaholders' equity

The following table provides details of the components of quotaholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as their utilisation in the previous three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	100,000	Capital		-
Legal reserve	20,000	Revenue	B	-
Paid in for future capital increase	1,900,000	Capital	A;B	1,900,000
Cash flow hedging reserve	(320)			-
Retained earnings (accumulated losses)	3,298,291	Revenue	A;B;C	3,298,291
Total	**5,317,971**			**5,198,291**
Amount not distributable				361,005
Residual amount distributable				4,837,286
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The non-distributable portion relates to the deferred tax asset that falls into the category of positive elements that are still to be realised. The Cash-flow hedging reserve, which is not available for distribution and cannot be used to cover losses, includes the portion, recognised net of tax, of the effective portion of the changes in fair value recorded in derivative contracts (Interest Rate Swaps) in place with reference to the hedging of financial flows associated with planned transactions that are highly probable; in accordance with the applicable standards, at the time of recognition of the asset or liability involved in the highly probable transaction, the Company transfers the equivalent effective amount of the derivative instrument from the reserve, including it directly in the book value of the asset or liability, adjusting the income or cost of the underlying transaction in the income statement.

Changes in the cash flow hedging reserve during the year are detailed below:

	Amount
Net book value of the reserve at 31 March 2021	-
Increase: fair value change in derivative instruments (effective component)	997
Decrease: reversal to the income statement on realisation of the underlying transactions	(1,417)
Gross book value of the reserve at 31 March 2022	**(421)**
Deferred tax liability	101
Net book value of the reserve at 31 March 2022	**(320)**

Provisions for risks and charges

The following table analyses the changes in provisions (€ 421 at 31 March 2022):

Changes in provisions for risks and charges

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Derivative financial instruments	2,117	1,696	(1,696)	421
Total	**2,117**	**1,696**	**(1,696)**	**421**

Derivative financial instruments reflect the negative difference arising on the mark-to-market adjustment of derivatives at the reporting date.

Employee termination indemnities

Changes in the provision for employee termination indemnities are shown in the following table.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employees termination indemnities	230,466	11,907	3,336	8,571	239,037
Total	**230,466**	**11,907**	**3,336**	**8,571**	**239,037**

The provision shown in the table relates entirely to revaluation of the provision for employee termination indemnities still held by the Company. The majority of the charge to the income statement (item B9 c)) relates to current termination indemnities earned and allocated to the INPS treasury fund, Previndai, Fondo Cometa and the supplementary pension funds chosen, where applicable, by the employees concerned.

Payables

Payables total € 3,890,536 at 31 March 2022 (€ 4,872,434 at 31 March 2021).
Pursuant to art. 12, para. 2 of Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 April 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	1,308,539	(652,833)	655,706	591,810	63,896
Trade payables	2,880,153	(652,696)	2,227,457	2,227,457	-
Due to parent companies	33,127	27,578	60,705	60,705	-
Due to fellow subsidiaries	1,492	20,507	21,999	21,999	-
Taxation payable	62,376	(6,498)	55,878	55,878	-
Due to pension and social security institutions	154,879	26,342	181,221	181,221	-
Other payables	431,868	255,702	687,570	687,570	-
Total	**4,872,434**	**(981,898)**	**3,890,536**	**3,826,640**	**63,896**

Amounts due to banks include both the current portion (€ 591,810) and the portion due beyond 12 months (€ 63,896) of loans obtained from major banks.

The reduction recorded compared with the previous year is determined by the effect of the repayments made on contractual maturities during the year for a nominal value of € 654,198 and the change in the impact of the adjustment of liabilities at amortised cost (which at 31 March 2022 led to a decrease in the nominal value of liabilities for € 1,365).

The following is a breakdown of medium-term loans and their maturities (for which the liabilities are accounted for using the amortised cost approach):

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2022	Within one year	Beyond one year
UBI	2,000,000	29/01/2018 - 5	338,549	338,549	-
UNICREDIT (*)	1,000,000	19/04/2019 - 4	317,616	253,715	63,901
Amortised cost adjustment			(459)	(454)	(5)
Total	**3,000,000**		**655,706**	**591,810**	**63,896**

Payables due to parent companies at 31 March 2022 total € 60,705, and trade payables for administrative, financial and support services provided by the parent company to Group companies (under specific service agreements settled on arm's-length terms).

Payables due to fellow subsidiaries include trade amounts due to Endurance S.p.A.

Other payables mainly include the amount due to employees for wages and salaries to be paid and accrued deferred remuneration (€ 428,318), as well as advances from customers (€ 255,600) and sundry payables.

There have not been any changes in the amount or conditions of payment of payables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from quotaholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	14,313	70,478	84,791
Total accrued expenses and deferred income	**14,313**	**70,478**	**84,791**

Deferred income includes the portion of grants and income pertaining to future periods. Grants relate to the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years (€ 4,771) and the so-called "Ecobonus 2021" deductions under Law no. 178 of 30 December 2020 (€ 80,020).

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives. Financial activities comprise those operations that generate financial income and expense. Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2020/2021 is analysed below on a comparative basis:

Description	Year 2021-22	Year 2020-21	Change
Revenues from sales of goods and services	11,830,687	9,684,039	2,146,648
Changes in inventories of work in progress, semi-finished and finished products	(275,483)	329,836	(605,319)
Other revenues	228,885	99,532	129,353
Total	**11,784,089**	**10,113,407**	**1,670,682**

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area:

Geographical area	Year 2021-22	Weight %	Year 2020-21	Weight %
ITALY	11,575,321	98%	9,489,205	98%
OTHER EUROPEAN COUNTRIES	177,632	2%	118,191	1%
NON-EU COUNTRIES	77,734	1%	76,643	1%
Total	**11,830,687**		**9,684,039**	

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	Year 2021-22	Year 2020-21	Change
Cost of raw and ancillary materials, consumables and goods for resale	5,332,683	4,625,786	706,897
Cost of services	1,751,455	1,254,946	496,509
Lease and rental charges	281,801	252,679	29,122
Payroll costs			
Wages and salaries	2,041,796	1,903,077	138,719
Social contributions	644,857	523,262	121,595
Employee termination indemnities	138,682	133,472	5,210
Other costs	499	18,879	(18,380)
Amortisation of intangible assets	144,431	37,071	107,360
Depreciation of tangible fixed assets	543,860	341,385	202,475
Writedown of receivables included in current assets	-	20,819	(20,819)
Change in inventory of raw and ancillary materials, consumables and goods	(67,286)	(42,772)	(24,514)
Other operating expenses	191,406	66,925	124,481
Total	**11,004,184**	**9,135,529**	**1,868,655**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The items in question have increased compared with the previous year due to the rise in the cost of raw materials and energy due to the persistence of the pandemic and, in the latter part of the year, the outbreak of war between Russia and Ukraine. Specifically, the increase came to 20%, in line with the change in the value of production.

Payroll costs

This item (which has gone up by 10% approximately, compared with the previous year) comprises the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7).

Depreciation, amortisation and provisions

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. Note the increase (which can also be highlighted as a ratio on value of production) in the item relating to the depreciation of tangible and intangible assets compared to the previous year, as a combined effect of the increase in the value of assets capitalized in the context of the preparation of the new production site in Grugliasco as well as the changes, on the increase, in certain depreciation occurred in relation to the updated information available related to the absorption volumes of certain products (to which specific assets are associated), which determined the revision of the timing of the enjoyment of the benefits related to these specific assets.

Other operating expenses

The item shows an increase compared with the previous year, mainly attributable to the costs involved in transferring the Company to the new premises.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Composition of income from equity investments

There has been no income from equity investments as indicated by paragraph 15 of Art. 2425 of the Italian Civil Code.

Breakdown of interest and other financial charges by type of payable

The following table provides details of interest and other financial charges as required by paragraph 17 of Art. 2425 of the Italian Civil Code, with specific details of costs relating to bonds, to amounts due to banks and to other charges.

	Due to banks	Other	Total
Interest and other financial charges	21,137	3,480	24,617

Adjustments to financial assets and liabilities

The adjustments to financial assets and liabilities reflect the change in the fair value of the derivative instruments used by the Company to mitigate the risk of interest-rate fluctuations in relation to the financial payables outstanding. (for the amount booked under Cash flow hedging reserve).

Amount and nature of revenues/costs of individual significance

No revenues, other positive components of income or costs deriving from exceptional events were recorded during the year.

Income taxes for the year, current and deferred

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2021-22	Year 2020-21
Income taxes	**88,888**	**319,864**
Current taxation		

of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	20,550	23,206
Taxation relating to prior years	1,011	
Net change in deferred taxation	25,542	114,740
(Income)/ charges from tax consolidation	41,785	181,918

Deferred tax assets set aside in previous years for various types of risks, goodwill and other temporary differences were released during the year.

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

The charge for joining the tax consolidation highlights the effects of the Company's adhesion to the group taxation regime under arts. 117-129 of the Consolidated Income Tax Act.

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	132,077	129,960
Total taxable temporary differences	47,188	-
Net temporary differences	(84,889)	(129,960)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(334,090)	(52,455)
Deferred tax liability (assets) of the year	20,374	5,067
Provision for deferred tax liability (assets) at the end of the year	(313,716)	(47,388)

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages.

	Executives	Middle managers/ White collar	Blue collar	Total employees
Year 2021/202219	1	11	42	54

The Company employs 53 persons at 31 March 2022.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

No fees were paid to directors in the financial year 2021/2022.

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the independent auditor (or firm of auditors) for the audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or firm of auditors
Amount	7,350	1,050	8,400

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Categories of shares issued by the Company

This section of the explanatory notes is not relevant, since the Company's capital does not consist of shares.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans for a specific business project as per art. 2427.21 C.C.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

In the first few months of the subsequent year, despite the persistence of the Covid-19 pandemic, the Company did not suffer any impacts of an exceptional nature and continued its activity in compliance with the regulations then in force to contain infection and the spread of the virus. The conflict in Ukraine, still ongoing after the end of the year, constitutes a strong element of uncertainty as it is impossible to foresee the outcomes and consequences of this crisis on the fate of the world economy and on the Automotive industry. At present, taking into account the actions that have been taken, we believe that the effects of the conflict, despite being heavily penalising (especially because of the hike in the prices of energy commodities and raw materials), will not be such as to jeopardise the Company's business continuity, also because the Company does not have direct relationships with customers and suppliers in the countries affected by the conflict.

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no other events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore, Turin Chamber of Commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amount in Euro), grouped by counterparty:

Type of instrument	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2022	Fair value	Number of contracts at 31/03/21	Original notional value	Notional at 31/03/2021	Fair value
Interest Rate Swap	1	500,000	158,808	(421)	1	500,000	284,169	(2,117)
Total	**1**	**500,000**	**158,808**	**(421)**	**1**	**500,000**	**284,169**	**(2,117)**

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.
The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2021 was 86,099 (82.8985 on 31 March 2020) - (source Thomson Reuters/RBI):

Balance sheet	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Assets		
Non-current assets		

Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Assets held for sale	-	-
Total assets	**34,376.47**	**29,828.67**

Balance sheet	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Liabilities and quotaholders' equity		
Equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84
Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and quotaholders' equity	**34,376.47**	**29,828.67**

Income Statement	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	-
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

While there is some uncertainty about the definition of the subsidies that fall within the scope of application of the law, it is confirmed that the following funds were received during the year.

Furthermore, it should be noted that the following types of subsidies were granted, but did not result in the disbursement of funds during the year:

- Benefits recorded in relation to the accrual of tax credits for investments in business assets (such as Legislative Decree No. 91/2014, the so-called “Tremonti-quarter”, for which the Company recorded income for the year of € 9,542, without any impact in terms of cash flows);
- Subsidies deriving from the transformation into a tax credit accrued for the so-called "super ACE" pursuant to art. 19 of Decree Law 73 of 25 May 2021, converted, with modifications, by Law 106 of 23 July 2021, for € 180,000 (recorded in the form of a tax credit, with no financial effect during the year, not having made any use in compensation).

Proposed allocation of profits or coverage of losses

Quotaholders,

In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 668,537 to "retained earnings (accumulated losses)".

Explanatory notes, closing section

Quotaholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended 31/03/2021, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and real and agree with the books of account.

Turin, 16 May 2022

For the Board of Directors

The Managing Director

Fabrizio Rebuffo

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Quotaholder of
Endurance Engineering S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Engineering S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Engineering S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Engineering S.r.l. does not extend to such data.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Engineering S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Engineering S.r.l. as at March 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 17, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ENDURANCE CASTINGS SPA

Head office: CONCA D'ORO 14 - 14/A BIONE (BRESCIA)
Entered in the Register of Companies of BRESCIA
Tax Code and Brescia Companies Register no. 00293110177
BRESCIA Chamber of Commerce (REA) no. 55600
Share capital: € 900,000.00 subscribed and fully paid
VAT Number: 00551150980
Sole Shareholder Company
Management control and coordination: ENDURANCE TECHNOLOGIES LTD

Report on operations

Financial statements at 31/03/2022

Shareholders,
The explanatory notes provide disclosures on the financial statements at 31/03/2022; this document, in compliance with Art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

The most significant event that marked the year to March 2022 is undoubtedly the return of war scenarios in Europe, with the dramatic conflict in Ukraine still on-going sadly at the time of preparing this report. In response to the humanitarian crisis that unfortunately involved the population following the conflict, Western countries intervened by imposing sanctions that have exacerbated the already existing imbalances, particularly in the supply of raw materials and energy sources. Apart from the recent geopolitical events, which resulted in the military confrontation, the whole of 2021-22 featured by the series of extraordinary events that involved the international community, influencing the market context of the Automotive sector.

The first quarter of the year (April-June 2021) began with confirmation of the economy's recovery, facilitated by a progressive easing of the restrictions introduced to deal with the pandemic. The reopening of business contributed to the growth in GDP (+5.3% in the Euro area for 2021) and the Automotive sector also benefited from this recovery. However, starting from the second quarter (July-September), production slowdowns began due to the problems that car manufacturers were encountering in the procurement of semiconductors. The lack of chips and other electronic components then continued over the course of the following quarters, causing a sharp decline in vehicle registrations compared with both the previous year (2020-21, which was heavily influenced by Covid) and with 2019-20 (the last year that enjoyed normal conditions).

The spread of the Omicron variant, which forced the reintroduction of health measures, and the increase in inflation due to the rise in the prices of raw materials and energy, also contributed to the slowdown. In fact, gas and electricity prices began to rise in the autumn, affecting all international markets, Europe in particular, with the result that the flow of gas from Russia to European countries decreased. In October-December, the material component of energy suffered price hikes of around 400% compared with the historical average of the previous two years. These increases were then further aggravated in the following quarter by the outbreak of war. This extraordinary and unpredictable explosion in energy prices has had a significant impact on the Company's results, as explained in greater detail below in the section where we analyse our results.

In this complex macroeconomic scenario, registrations of new vehicles during the financial year (from April '21 to March '22) fell overall by -4.9%, considering the European Union and the UK market (the EU on its own -6.3%), with a strong recovery in the first quarter (+66.7%, due more than anything else to the low volumes of the previous year marked by generalised lockdowns) and a contraction of -23.6% in the second quarter, -23.4% in the third quarter and -10.8% in the last quarter. As these were generalised effects, the decreases affected all countries and all car manufacturers with the exception of Spain (+2.4%) and the UK (+4.2%), which had been heavily penalised the previous year. The VW group, the main manufacturer with almost a third of the EU market, recorded a drop in registrations of -8.5%, Stellantis one of -10.8%, Renault -11.7%, BMW -3.7% and Daimler -12.6%. The major car manufacturers had the following registrations in the last quarter of the year (January-April 2022): VW -15.6%, Stellantis -23.9%, Renault -8.1%, BMW -11.46% and Daimler -9.4%.

The data on the production of P&CV vehicles published by IHS MARKIT for the calendar year 2021 show a growth in world production of cars of +2.7% (compared with -16.9% the previous year, going from 61.5 million to 63.2 million vehicles) compared with +3.6% of total registrations. The change by geographical macro area shows the following: EU -5.7%, North America -2.4%, South America +11.2%, Asia +6.7%, Middle East and Africa +15.1%. Within the European Union, Germany was the leading producer with output of 2.9 million vehicles (albeit down 13.2% compared with the previous year), followed by Spain with 1.6 million vehicles (-8.9%), the Czech Republic 1.1 million (-3.4%), Slovakia 1.0 million (+2.7%), France 0.9 million (-1.8%), Italy, Romania and Hungary 0.4 million (-7.9%, -4.0% and -3.0% respectively) compared with the previous year.

In the same period, exports of vehicles from the European Union grew by +3.6% in value, as did imports, which grew in value by +2.3%.

In 2021, the market share of traditional combustion vehicles stood at 59.6% (having been 75.5% the previous year) of the EU market (40.0% petrol and 19.6% diesel), while hybrid vehicles (HEVs) reached 19.6% (11.9% the previous year) and rechargeable electric vehicles (ECVs) accounted for 18.0% (10.5% the previous year) of registrations, with a 9.1% share going to pure electric vehicles (BEV) and 8.9% to plug-in hybrids (PHEV).

From an industrial point of view, it should be remembered that the Company had to cope with erratic logistical planning on the part of customers as they tried to adapt to dysfunctions in the supply chains (especially in the availability of semiconductors). This meant having to face periods of total or partial suspension of production, in some cases having recourse to temporary lay-offs with State redundancy benefits.

In this extremely complex market situation, characterised by a series of negative external factors, the Company still managed to achieve positive results.

Key events

As mentioned previously, the Company again suffered the effects of the pandemic during the year.

In any case, the preventive measures introduced and those adopted over time in accordance with the regulatory provisions and protocols, made it possible to contain cases of positivity to the virus, guaranteeing the safety of all workplaces.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) since October 2016.
These management control and coordination activities did not have any particular impact on the Company's activities and its results. We can also confirm that no decisions have been made, influenced by the Company that carries out management control and coordination activities, that might require indication of the reasons and interests affecting them.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	FY 2022	%	FY 2021	%	Change	% Change
WORKING CAPITAL	**24,030,834**	**76.90 %**	**18,919,163**	**74.56 %**	**5,111,671**	**27.02 %**
Immediate liquidity	**3,532,272**	**11.30 %**	**1,070,033**	**4.22 %**	**2,462,239**	**230.11 %**
Cash and cash equivalents	3,532,272	11.30 %	1,070,033	4.22 %	2,462,239	230.11 %
Deferred liquidity	**16,413,155**	**52.53 %**	**14,477,044**	**57.05 %**	**1,936,111**	**13.37 %**
Current receivables included in working capital	8,607,955	27.55 %	7,047,766	27.77 %	1,560,189	22.14 %
Current portion of non-current receivables	9,480	0.03 %	13,188	0.05 %	(3,708)	(28.12) %
Financial assets	7,514,309	24.05 %	7,033,022	27.72 %	481,287	6.84 %
Accrued income and prepaid expenses	281,411	0.90 %	383,068	1.51 %	(101,657)	(26.54) %
Inventories	4,085,407	13.07 %	3,372,086	13.29 %	713,321	21.15 %
FIXED ASSETS	**7,216,901**	**23.10 %**	**6,456,087**	**25.44 %**	**760,814**	**11.78 %**
Tangible fixed assets	6,486,117	20.76 %	5,759,344	22.70 %	726,773	12.62 %
Financial fixed assets	51,772	0.17 %	4,530	0.02 %	47,242	1,042.87 %
Non-current portion of receivables included in w. capital	679,012	2.17 %	692,213	2.73 %	(13,201)	(1.91) %
CAPITAL EMPLOYED	**31,247,735**	**100.00 %**	**25,375,250**	**100.00 %**	**5,872,485**	**23.14 %**

Balance Sheet - Liabilities and Shareholder's Equity

Item	FY 2022	%	FY 2021	%	Change	% Change
LIABILITIES	**19,061,268**	**61.00 %**	**14,633,996**	**57.67 %**	**4,427,272**	**30.25 %**
Current liabilities	**15,518,929**	**49.66 %**	**12,931,229**	**50.96 %**	**2,587,700**	**20.01 %**
Current payables	14,870,700	47.59 %	12,258,935	48.31 %	2,611,765	21.30 %
Accrued expenses and deferred income	648,229	2.07 %	672,294	2.65 %	(24,065)	(3.58) %
Non-current liabilities	**3,542,339**	**11.34 %**	**1,702,767**	**6.71 %**	**1,839,572**	**108.03 %**
Non-current payables	1,950,324	6.24 %	-	-	1,950,324	-
Provision for risks and charges	1,387,790	4.44 %	1,460,859	5.76 %	(73,069)	(5.00) %
Employee termination indemnities	204,225	0.65 %	241,908	0.95 %	(37,683)	(15.58) %
EQUITY	**12,186,467**	**39.00 %**	**10,741,254**	**42.33 %**	**1,445,213**	**13.45 %**
Share capital	900,000	2.88 %	900,000	3.55 %	-	-
Reserves	7,008,966	22.43 %	6,973,062	27.48 %	35,904	0.51 %
Retained earnings (accumulated losses)	2,868,192	9.18 %	1,499,530	5.91 %	1,368,662	91.27 %
Net income (loss) for the year	1,409,309	4.51 %	1,368,662	5.39 %	40,647	2.97 %
FINANCING SOURCES	**31,247,735**	**100.00 %**	**25,375,250**	**100.00 %**	**5,872,485**	**23.14 %**

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
Fixed asset coverage	186.13%	185.93%	0.11%
Amounts payable to banks to working capital	10.98%	4.53%	142.49%
Debt ratio	1.465367116	1.36	7.75%
Financial debt ratio	0.227346531	0.11	106.68%
Equity to capital employed	40.56%	42.33%	(4.18%)
Financial charges to turnover	0.14%	0.08%	75.00%
Current ratio	159.46%	146.31%	8.99%
Fixed asset to equity capital margin	5,648,578.00	4,977,380.00	13.48%
Primary coverage ratio	1.86	1.86	-
(Equity + non current liabilities) - fixed assets	9,190,917.00	6,680,147.00	37.59%
Secondary coverage ratio	2.41	2.16	11.57%
Net working capital	8,511,905.00	5,987,934.00	42.15%
Acid test margin	4,426,498.00	2,615,848.00	69.22%
Acid test ratio	130.92%	120.23%	8.89%

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	FY 2022	%	FY 2021	%	Change	% Change
VALUE OF PRODUCTION	**36,136,230**	**100.00%**	**27,695,312**	**100.00%**	**8,440,918**	**30.48%**
- Consumption of raw materials	16,922,604	46.83%	11,007,675	39.75%	5,914,929	53.73%
- General expenses	12,226,006	33.83%	10,200,046	36.83%	2,025,960	19.86%
VALUE ADDED	**6,987,620**	**19.34%**	**6,487,591**	**23.42%**	**500,029**	**7.71%**
- Payroll costs	4,494,017	12.44%	3,932,529	14.20%	561,488	14.28%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**2,493,603**	**6.90%**	**2,555,062**	**9.23%**	**(61,459)**	**-2.41%**
- Depreciation, amortisation and writedowns	628,244	1.74%	825,591	2.98%	(197,347)	-23.90%
- Other operating expenses	302,719	0.84%	367,964	1.33%	(65,245)	-17.73%
INCOME BEFORE FINANCIAL ITEMS	**1,562,640**	**4.32%**	**1,361,507**	**4.92%**	**201,133**	**14.77%**
+ Financial items	(46,265)	-0.13%	(20,116)	-0.07%	(26,149)	129.99%
INCOME BEFORE TAX	**1,516,375**	**4.20%**	**1,341,391**	**4.84%**	**174,984**	**13.04%**
- Taxation	107,066	0.30%	(27,271)	-0.10%	134,337	-492.60%
NET INCOME	**1,409,309**	**3.90%**	**1,368,662**	**4.94%**	**40,647**	**2.97%**
EBITDA	**2,190,884**	**6.06%**	**2,187,098**	**7.90%**	**3,786**	**0.17%**

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
R.O.E.	11.56%	12.74%	(9.24%)
R.O.I.	42.35%	51.61%	(17.94%)
R.O.S.	4.40%	4.84%	(9.13%)
R.O.A.	5.20%	5.37%	(3.06%)

Information required by art. 2428 of the Civil Code

The detailed information specifically required by art. 2428 of the Italian Civil Code is presented below.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.
There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Furthermore, the tightening of international sanctions is affecting uncertainties about the trend in prices of energy commodities, basic materials (metals in particular) and agricultural products with repercussions on consumer prices and the growth prospects for the Euro area. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.
What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions).
Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;

- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).
Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate swap) with the aim of hedging the risks described.

Risks relating to changes in exchange rates
The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Italian Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators

Information on the environment

The Company dedicates special attention to ensuring that production and operating activities comply with the applicable regulations and international agreements, seeking to introduce and disseminate a culture that continuously improves environmental performance and the safety of products and processes, while also safeguarding personnel and installations.

In the area of environment and safety, staff training sessions were held for training on PES-PAV, confined spaces, PLE, ADR, bridge crane and updating for first aid and fire-fighting.

Work on installations and the infrastructure included the following principal actions:
(a) complete asphalting of the forecourts.
(b) new methane gas supply system for the melting furnaces.
(c) the cylinder storage area has been split by dividing flammables from combustives (oxidising agents).
(d) a whole series of micro interventions aimed at satisfying requests from the authorities.
(e) order of a new external tank for the pump room with double chamber and containment tank.
(f) brine tank overflow control installed connected to telephone dialler for alarm.
(g) installation of shutters on forecourt drains as safety devices in case of spillage.
(i) reduced water consumption by reusing cooling water for release agent.

In addition, on fire-safety matters, the emergency plan was updated and evacuation drills were carried out in all departments, covering every shift.

The Risk Assessment Document (DVR) was updated for matters concerning health surveillance and, in particular, the impact of the Covid-19 pandemic.

COVID-19: Practical precautionary measures introduced to allow activities to continue while safeguarding the health of workers

In order to help contain the spread of the Covid-19 pandemic and ensure the continuity of production under safe conditions for personnel, the Endurance Group adopted a "Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace" in March 2020. This was prepared pursuant to the protocol agreed between the government and the social partners on 14 March 2020, as extended on 24 April 2020 and subsequent amendments.

In short, the following principal operational procedures were envisaged:
- provision of information to workers and third parties on arrival at production locations, containing necessary instructions for the protection of their health and safety;
- body temperature check on arrival at the Company and collection of declarations by employees and third parties confirming the absence of conditions that, by law, would restrict their movements or access to the premises;
- restriction of access to the premises by external persons (customers, suppliers, visitors etc.) to essential or urgent cases;
- introduction of specific procedures that minimise contacts with external personnel (drivers/transport operators at logistics firms);
- dissemination throughout the premises of recommendations from the Ministry of Health regarding the containment of infection risks;
- encouragement of safe distancing (1 m) at all times when working, supplemented - if the requirement cannot be applied - by the use of personal protective equipment (masks);
- measures to restrict numerical access to common areas (rest and eating areas, changing rooms);
- restriction of in-person meetings, with requirements to maintain social distancing of at least one metre and keep the rooms clean and ventilated;
- suspension/cancellation of all travel/business trips (unless absolutely essential);
- use of smart working whenever possible from an operational and technological standpoint;
- encouragement to use holiday time and paid leaves of absence, as supplemented by recourse to the social buffers due to the reduction or suspension of productive activities;
- increased frequency of cleaning and sanitisation activities and distribution/availability to personnel of detergents and sanitising gels; periodic deep sanitisation by specialists using products with greater cleansing power.

During the year, cases of Covid-19 were detected among employees of the Group (in no case with serious consequences). This meant applying the protocols and the responsible participation of employees in maintaining careful and precautionary behaviour, which has permitted effective management that has guaranteed production continuity at all operating sites and the mitigation of operational inefficiencies.

Information on personnel management

The workforce totals 69 employees at the end of the financial year from 01/04/2021 to 31/03/2022, while the average during the year was 72.

During the twelve months of activity that make up the financial year ended 31/3/2022, training activities were heavily influenced and drastically reduced due to the persistence of the pandemic risk that imposed and still imposes the need to avoid gatherings. We therefore limited ourselves to courses held with safe attendance and remote courses. Despite the aforementioned limitations, we continued training in the manufacturing and staff sectors, with the aim, as far as possible, of following the process of continuous improvement of production processes and, more generally, of all company processes.

In particular, training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

- ADR Course - Dangerous Goods
- IATF 8.5.1.1 standard training course
- New I-Q003 Management of a non-compliant product

The courses carried out, including those listed in the paragraph dedicated to information on the environment and safety, involved a total of 652 hours for Company staff, with training activities carried out internally, externally and on the job.

Research and development activities

Pursuant and consequent to paragraph 3.1 of Art. 2428 of the Italian Civil Code, it is hereby confirmed that development activities applied in particular to the production process were carried out during the financial year.

In particular, the activities continued which mainly concerned:

- Implementation of the synergy with the technical bodies of the subsidiary Endurance S.p.A., for the joint development of new projects.
- Completion of the equipment spare parts monitoring system, for the improvement of predictive maintenance activities.
- The implementation of activities aimed at increasing the performances of the moulds: analysis and testing of new materials / heat treatments / coatings with nano-technologies for the reduction of extraordinary maintenance activities on the machine (polishing / replacement of pins).

During the year, equipment was built and sampled for the various product lines.

To support the acquisition of new products, estimates were drawn up with related feasibility analyses at various levels of detail

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as “affiliates”), as summarised below:

Receivables from affiliates recorded under current assets

Description	FY 2022	FY 2021	Change
from fellow subsidiaries	3,186,642	2,592,218	594,424

Description	FY 2022	FY 2021	Change
Total	*3,186,642*	*2,592,218*	*594,424*

The amount receivable from fellow subsidiaries relates to the trade receivables due from Endurance S.p.A.

Payables due to and loans from affiliates

Description	FY 2022	FY 2021	Change
due to parent companies	206,195	101,300	104,895
payables due to fellow subsidiaries	14,174	185,362	171,188-
Total	*220,369*	*286,662*	*66,293-*

Payables to parent companies refer to commercial relations with Endurance Overseas S.r.l., which arose in connection with the latter's provision of support services and coordination of the activities of the group's subsidiaries, provided according to specific contractual agreements defined at market values.

Payables to fellow subsidiaries relate to the relationships with the other affiliates belonging to the Endurance Group and mainly to Endurance S.p.A.

Treasury shares

Pursuant to arts. 2435-bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year

Business outlook

The problems and uncertainties that characterised this last year are not likely to disappear any time soon. The International Monetary Fund recently issued forecasts that, despite the multiple risk factors existing on the international scene and even though they are lower than expected in January, see global GDP growth for 2022 of +3.6%, with +3.7% for the USA, +2.8% for the Euro Area (+2.3% for Italy and +2.1% for Germany) and +3.8% for emerging economies (+4.4% for China and +8.2% for India).

In early February 2022, before the conflict in Ukraine began, ACEA (the European Automobile Manufacturers' Association) forecast an increase in registrations in the European Union of 7.9% for the year 2022, mainly thanks to more stable supplies of semiconductor. No updated forecasts have been made subsequently, but the expectation is for a decidedly less favourable trend, as demonstrated by the preliminary figures for registrations in the month of April which show a contraction compared with the previous year of more than 20% for the most of the main European markets.

The result was also affected by temporary factors, such as the production stoppages suffered by manufacturers due to the absence of components from Ukraine, but it is a consolidated fact that waiting times for the delivery of vehicles to end customers are much longer than they were for many types of vehicles.

Temporary factors aside, which should hopefully be resolved quickly, there are still unknowns that are more difficult to resolve quickly because they are the result of geopolitical situations that seem definitively compromised. The sanctions and the progressive embargo already implemented or planned for supplies from Russia, for energy in particular, but also for basic materials and foodstuffs, will entail extra costs in procurement destined to weigh on the purchasing power of consumers and businesses with significant impacts in terms of inflation. This will also lead to an increase in interest rates, which have already risen significantly in recent months, and this will further reduce the share of those willing to take on debt to finance their propensity to consume.

Even the possibility that the emergence of new variants of Covid may induce some countries to carry on with periods of lockdown, could continue to cause disruptions in procurement and supply chains.

At the moment there is a lot of uncertainty because the outcomes and consequences that the various crisis scenarios will have on the fate of the world economy, and therefore on the repercussions for the Automotive sector, are not yet clear.

We are well aware of the complex situation in which we will have to operate. We will have to maintain the highest possible flexibility, while waiting for the initiatives announced by the government to resolve the structural conditions that have deteriorated because of the international context. It is important that the national and European authorities continue to support the economy, as shown by the latest measures that they have adopted. They need to address situations of general difficulty, those of a macroeconomic nature, which afflict Continental Europe in particular.

The financial resources that we have available will make allow us to cover our commitments, certainly for the next 12 months, despite the persistence of external conditions that are far from optimal.
Based on the available product portfolio and in the absence of further serious external shocks, we believe we can achieve positive results in the coming year

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant and consequent to paragraph 3.6-bis of art. 2428 of the Italian Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging one IRS contract in connection to the loan in place. The fair value of these hedging instruments is disclosed in the explanatory notes

Conclusion

Shareholders,
In light of the considerations set out above and of disclosures made in the explanatory notes, we invite you:

- to approve the financial statements at 31/03/2022 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Bione (BS), 16/05/2022

For the Board of Directors
The Managing Director

Luca Ghidini

General information on the company

Company data

Name:	ENDURANCE CASTINGS SPA
Registered office:	VIA CONCA D'ORO 14 - 14/A BIONE BS
Share capital:	900,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	BS
VAT Number:	00551150980
Tax code:	00293110177
REA Number:	55600
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	245300
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2022

Balance sheet

	31/03/2022	31/03/2021
Assets		
B) Fixed assets		
II - Tangible fixed assets	-	-
1) land and buildings	3,440,719	2,212,200
2) plant and machinery	2,688,246	2,984,269
3) industrial and commercial equipment	4,699	-
4) other assets	112,453	52,710

	31/03/2022	31/03/2021
5) assets under construction and advance payments	240,000	510,165
Total tangible fixed assets	*6,486,117*	*5,759,344*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	4,530	4,530
Total equity investments	*4,530*	*4,530*
2) receivables	-	-
d-bis) from others	9,480	13,188
due within one year	9,480	13,188
Total receivables	*9,480*	*13,188*
4) derivative financial instruments	47,242	-
Total financial fixed assets	*61,252*	*17,718*
Total fixed assets (B)	*6,547,369*	*5,777,062*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	1,350,245	965,749
2) work in process and semi-finished products	1,357,610	1,261,530
4) finished products and goods	1,377,552	1,144,807
Total inventories	*4,085,407*	*3,372,086*
II - Receivables	-	-
1) from customers	3,593,860	4,047,745
due within one year	3,593,860	4,047,745
5) fellow subsidiaries	3,186,642	2,592,218
due within one year	3,186,642	2,592,218
5-bis) tax receivables	591,883	268,810
due within one year	591,883	268,810
5-ter) deferred tax assets	679,012	692,213
5-quarter) due from others	31,950	138,993
due within one year	31,950	138,993
Total receivables	*8,083,347*	*7,739,979*
III - Current financial assets	-	-
treasury management assets	7,514,309	7,033,022
Total current financial assets	*7,514,309*	*7,033,022*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	3,531,031	1,068,506
3) cash on hand	1,241	1,527
Total cash and cash equivalents	*3,532,272*	*1,070,033*

	31/03/2022	31/03/2021
Total current assets (C)	*23,215,335*	*19,215,120*
D) Accrued income and prepaid expenses	**281,411**	**383,068**
Total assets	*30,044,115*	*25,375,250*
Liabilities and shareholders' equity		
A) Shareholders' equity	**12,186,467**	**10,741,254**
I - Share capital	900,000	900,000
III - Revaluation reserves	1,339,901	1,339,901
IV - Legal reserve	180,000	180,000
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	4,693,035	4,693,035
Payments towards increase in capital	760,126	760,126
Total other reserves	*5,453,161*	*5,453,161*
VII - Cash flow hedging reserve	35,904	-
VIII - Retained earnings (accumulated losses)	2,868,192	1,499,530
IX - Net income (loss) for the year	1,409,309	1,368,662
Total shareholders' equity	12,186,467	10,741,254
B) Provision for risks and charges		
2) for current and deferred taxation	95,652	84,313
4) Other	1,292,138	1,376,546
Total provisions for risks and charges	*1,387,790*	*1,460,859*
C) Employee termination indemnities	**204,225**	**241,908**
D) Payables		
4) due to banks	2,550,182	870,680
due within one year	599,858	870,680
due beyond one year	1,950,324	-
6) advances	-	145,500
due within one year	-	145,500
7) trade payables	11,708,887	9,911,545
due within one year	11,708,887	9,911,545
11) due to parent companies	206,195	101,300
due within one year	206,195	101,300
11-bis) due to fellow subsidiaries	14,174	185,362
due within one year	14,174	185,362
12) tax payables	99,938	101,801
due within one year	99,938	101,801
13) due to pension and social security institutions	144,935	137,382
due within one year	144,935	137,382

	31/03/2022	31/03/2021
14) other payables	893,093	805,365
due within one year	893,093	805,365
Total payables	*15,617,404*	*12,258,935*
E) Accrued expenses and deferred income	**648,229**	**672,294**
Total liabilities and shareholders' equity	*30,044,115*	*25,375,250*

Income statement

	31/03/2022	31/03/2021
A) Value of production		
1) revenues from sales of goods and services	34,839,435	27,528,993
2) change in inventories of work in progress, semi-finished and finished products	618,794	(426,540)
5) other income and revenues	-	-
operating grants	195,655	21,360
other	482,346	571,499
Total other income and revenues	*678,001*	*592,859*
Total value of production	*36,136,230*	*27,695,312*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	17,017,130	11,157,466
7) services	11,619,932	9,251,267
8) lease and rental charges	606,074	948,779
9) payroll	-	-
a) wages and salaries	3,372,542	2,853,310
b) social contributions	899,031	852,357
c) termination indemnities	53,051	48,871
e) other costs	169,393	177,991
Total payroll costs	*4,494,017*	*3,932,529*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	-	975
b) depreciation of tangible fixed assets	616,201	824,616
d) writedowns of current receivables and liquid funds	12,043	-
Total depreciation, amortisation and writedowns	*628,244*	*825,591*
11) change in inventory of raw and ancillary materials, consumables and goods	(94,526)	(149,791)
14) other operating expenses	302,719	367,964
Total cost of production	*34,573,590*	*26,333,805*
Difference between production value and cost (A - B)	**1,562,640**	**1,361,507**

	31/03/2022	31/03/2021
C) Financial income and charges		
15) income from equity investments	-	-
other	67	-
Total income from equity investments	*67*	-
16) other financial income	-	-
d) income other than the above	-	-
other	2,137	2,795
Total income other than the above	*2,137*	*2,795*
Total other financial income	*2,137*	*2,795*
17) interest and other financial charges	-	-
other	48,469	22,911
Total interest and other financial charges	*48,469*	*22,911*
Total financial income and charges (15+16-17+-17-bis)	*(46,265)*	*(20,116)*
Result before taxes (A-B+-C+-D)	**1,516,375**	**1,341,391**
20) Income taxes for the year, current and deferred		
current taxation	93,865	53,068
deferred taxation	13,201	(80,339)
Total income taxes for the year, current and deferred	*107,066*	*(27,271)*
21) Net income (loss) for the year	**1,409,309**	**1,368,662**

Statement of cash flow (indirect method)

	Amount at 31/03/2022	Amount at 31/03/2021
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	1,409,309	1,368,662
Taxation	107,066	(27,271)
Interest expense/(interest income)	46,265	20,116
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*1,562,640*	*1,361,507*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	76,432	133,184
Depreciation and amortisation of fixed assets	616,201	825,591
Other adjustments up or (down) for non-cash items	112,624	(47,109)
Total adjustments for non-cash items that had no contra-entry in net working capital	*805,257*	*911,666*
2) Cash flow before changes in net working capital	*2,367,897*	*2,273,173*
Change in net working capital		
Decrease/(Increase) in inventory	(713,321)	276,749
Decrease/(Increase) in trade receivables	453,885	(462,723)
Increase/(Decrease) in trade payables	593,722	2,784,714
Decrease/(Increase) in prepaid expenses and accrued income	101,657	(315,056)
Increase/(Decrease) in accrued expenses and deferred income	(24,065)	(53,156)
Other decreases/(Other Increases) in net working capital	(915,628)	(644,037)
Total changes in net working capital	*(503,750)*	*1,586,491*
3) Cash flow after changes in net working capital	*1,864,147*	*3,859,664*
Other adjustments		
Interest collected/(paid)	(46,265)	(20,116)
(Income taxes paid)	(60,105)	(136,535)
(Use of provisions)	(84,408)	(137,174)
Total other adjustments	*(190,778)*	*(293,825)*
Cash flow from operating activities (A)	***1,673,369***	***3,565,839***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(1,616,672)	(166,394)
Financial fixed assets		
Disposals	3,707	2,567
Current financial assets		
(Investments)	(481,287)	(3,926,130)
Cash flow from investing activities (B)	***(2,094,252)***	***(4,089,957)***

	Amount at 31/03/2022	Amount at 31/03/2021
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	332,940	31,248
New loans	3,000,000	-
(Repayment of loans)	(449,818)	-
Own funds		
(Dividends and interim dividends paid)	-	(1,000,000)
Cash flow from financing activities (C)	***2,883,122***	***(968,752)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***2,462,239***	***(1,492,870)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	1,068,506	2,560,570
Cash on hand	1,527	2,333
Total cash and cash equivalents at the beginning of the year	1,070,033	2,562,903
Cash and cash equivalents at the end of the year		
Bank and postal deposits	3,531,031	1,068,506
Cash on hand	1,241	1,527
Total cash and cash equivalents at the end of the year	3,532,272	1,070,033

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Explanatory notes, first part

Shareholders,

These explanatory notes form an integral part of the financial statements for the year ended 31 March 2022.

The financial statements submitted for your approval report net income of € 1,409,309, after income and deferred taxes of € 107,066 and depreciation and amortisation of € 616,201.

Form and content of the financial statements

The financial statements at 31 March 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

However, the pandemic continued to influence economic trends worldwide during the year, including the sector to which Endurance belongs. The Company was also affected by the slowdown in registrations of new vehicles, and therefore in demand for our goods and services, due to external events such as the difficulty of manufacturers in finding semiconductors and the increase in the cost of energy and raw materials.

Further aggravating the general picture were the serious repercussions that the conflict in Ukraine is causing at a macroeconomic level, starting in the latter part of the financial year, due to the continuing rise in energy and raw material prices. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. Given the significant amount of electricity and gas consumed in the Company's production process, the sharp rise in the cost of energy factors significantly impacted its results.

To help businesses cope with the consequences of expensive energy, some temporary concessions have been introduced to mitigate the increase in costs through the recognition of tax credits of variable amounts depending on whether or not they belong to the categories of "energy-intensive" or "gas-intensive" companies.

Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.
With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of Art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to art. 2423 ter of the Civil Code, we can confirm that all financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible asset items	Amortisation period
Concessions, licences, trademarks and similar rights	5 years on a straight line basis
Other intangible assets	Based on the length of the underlying contracts

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only re-valued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on the basis of their estimated useful life. The depreciation and amortisation rates applied are summarised in the following table:

Tangible fixed asset items	Depreciation rate
Industrial buildings	3.00%
Temporary constructions	10%
Plant and machinery	10% - 15.5%
Industrial and commercial equipment	20%
Furnaces and appurtenances	15%
Furniture and furnishings	12%
Electronic office machines	20%
Commercial vehicles	20%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis calculated on the actual number of days.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment write-down if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.
The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the write-down cease to apply, the equity investment is written back to its original carrying amount.
Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished) and finished products: specific production cost including all costs directly attributable to the product, as well as a reasonable share of manufacturing overheads.
- Goods and Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse, collected and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement item C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Provision for pensions and similar commitments

They represent the liabilities for supplementary pension benefits and for the "one-off" indemnities due to employees, self-employed workers and other collaborators, in force of law and contract, on termination of the relationship.

Employee termination indemnities

Employee termination indemnities represent the total amount that the company would have to pay to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in shareholders' equity (under “Cash flow hedging reserve”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Cash flow hedging reserve") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;
b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from services are recognised upon completion and/or when earned.

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholder's meeting.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

However, the Company does not have any assets or liabilities denominated in foreign currency at the balance sheet date.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

Intangible assets were fully amortised and did not undergo any changes during the year under review.

Movements in intangible assets

Intangible assets are analysed in the table below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	16,017	424,420	327,000	287,915	1,055,352
Amortisation (Accumulated amortisation)	16,017	424,420	261,600	287,915	989,952
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	-	-	-	-
Balance at the end of the year					
Cost	16,017	424,420	327,000	287,915	1,055,352
Amortisation (Accumulated amortisation)	16,017	424,420	261,600	287,915	989,952
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	-	-	-	-

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Gross tangible fixed assets total € 18,744,427, accumulated depreciation amounts to € 12,022,491 including the charge for the year of € 616,201

"Assets under construction and advance payments" amount to € 240,000 (€ 510,165 at 31 March 2021) and comprise the residual value of advances paid to suppliers for the purchase of land and buildings and plant and machinery, together with the value of assets purchased but not completely ready for inclusion in the production cycle.

Movements in tangible fixed assets

Tangible assets are analysed in the table below, together with the related accumulated depreciation and information about the changes that took place during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	4,407,966	12,515,550	383,973	1,052,442	510,165	18,870,096
Depreciation (Accumulated depreciation)	2,195,766	9,055,534	383,973	999,660	-	12,634,933
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	2,212,200	2,984,269	-	52,710	510,165	5,759,344
Changes during the year						
Additions	1,087,030	166,618	5,300	87,558	-	1,346,506
Reclassifications (of the carrying amount)	270,165	-	-	-	(270,165)	-
Disposals (at carrying amount)	-	3,532	-	-	-	3,532

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Depreciation for the year	128,676	459,109	601	27,815	-	616,201
Total changes	*1,228,519*	*(296,023)*	*4,699*	*59,743*	*(270,165)*	*726,773*
Balance at the end of the year						
Cost	5,765,161	11,481,268	389,273	1,108,723	240,000	18,984,425
Depreciation (Accumulated depreciation)	2,324,442	8,317,275	384,574	996,198	-	12,022,489
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	3,440,719	2,688,246	4,699	112,453	240,000	6,486,117

During the year, the Company redeemed the property in Bione, previously subject to a finance lease, for a total of € 1,011,346.

With specific reference to the evidence for losses attributable to the healthcare emergency, the directors responded to a Group-level requirement by analysing carefully the cash flows forecast on the basis of current information, concluding that the value of tangible fixed assets at 31 March 2022 will be recoverable from future cash flows.

Finance leases

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases, with which the user company would record the asset received as a lease under fixed assets and calculate the related depreciation rates on the asset, while at the same time recognising the debt for the principal portion of the instalments to be paid. In this case, the interest portion and the depreciation charge for the year would be recognised in the income statement.

	Effects on Shareholders' Equity - Assets		
a)	Outstanding contracts		
a.1)	Assets under finance leases at the end of the previous year		4,130,141
	- of which the gross amount	8,610,146	
	- of which accumulated depreciation	(4,480,005)	
a.2)	Assets purchased under finance leases during the year		-
a.3)	Assets under finance leases redeemed during the year		(2,472,395)
a.4)	Depreciation charge for the year		(451,692)
a.5)	Writedowns/writebacks on assets under finance leases		
a.6)	Assets under finance leases at the end of the year		1,206,055
	- of which the gross amount	3,731,804	
	- of which accumulated depreciation	(2,525,750)	
a.7)	Prepaid instalment interest at the end of the year		
a.8)	Curtailment of prepaid expenses under the balance sheet method		(206,970)
b)	Redeemed assets		
b.1)	Higher/lower total value of redeemed assets (compared with the net carrying amount at the end of the year)		1,388,443
	Effects on Shareholders' Equity - Liabilities		
c)	Implicit payables		
c.1)	Implicit payables for finance leases at the end of the previous year		2,119,974
	- of which due within one year	1,359,940	
	- of which due beyond one and within 5 years	760,034	
	- of which due beyond 5 years	-	
c.2)	Implicit payables that arose during the year		-

Effects on Shareholders' Equity - Assets			
c.3)	Repayment of principal and redemptions during the year		1,359,939
c.4)	Implicit liabilities for finance leases at the end of the year		760,035
	- of which due within one year	370,014	
	- of which due beyond one and within 5 years	390,021	
	- of which due beyond 5 years	-	
c.5)	Accrued instalment interest at the end of the year		-
c.6)	Change in trade payables		-
d)	Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]		**1,627,493**
e)	Tax effect		(454,071)
f)	**Effect on shareholders' equity at the end of the year (d-e)**		**1,173,422**

Effects on the Income Statement		
g)	**Effect on income before taxes (lower/higher costs) (g.1-g.2-g.3+g.4+g.5)**	**(27,230)**
g.1)	Reversal of instalments on finance lease transactions	465,333
g.2)	Recognition of financial charges on finance lease transactions	(40,872)
g.3)	Recognition of depreciation charges on outstanding contracts	(451,692)
g.4)	Recognition of depreciation charges on redeemed assets	-
g.5)	Recognition of adjustments/write-backs on leased assets	-
h)	Recognition of the tax effect	7,597
i)	**Net effect on the result for the year (g-h)**	**(19,633)**

On expiry of the property lease, the Company redeemed the industrial complex in Bione (BS).

The value of future lease instalments under outstanding lease contracts totals € 496,218 at 31 March 2022.

Financial fixed assets

Financial fixed assets amount to € 61,252 at 31 March 2022.

The following table shows the movements in financial fixed assets during the year.

	Equity investments in other businesses	Non-current receivables from others	Derivative financial instruments	Total financial fixed assets
Balance at the beginning of the year				
Cost	5,687	13,188	-	18,875
Writedowns	1,157	-	-	1,157
Carrying amount	4,530	13,188	-	17,718
Changes during the year				
Increases	-	-	47,242	47,242
Decreases	-	(3,707)	-	(3,707)
Total changes	-	(3,707)	47,242	43,535
Balance at the end of the year				
Cost	5,687	9,480	47,242	62,409
Writedowns	1,157	-	-	1,157
Carrying amount	4,530	9,480	47,242	61,252

These equity investments refer to holdings in consortia (CONAI, Brescia Export) and membership fees related to financing transactions carried out in previous years.

The item relates to security deposits referring to multi-year contracts such as car rental and customs warehouse for the electric workshop licence.

Derivatives receivable include the positive mark-to-market recorded at the end of the year for hedging instruments entered into by the Company during the year to mitigate the risk of fluctuations in variable interest rates applied to outstanding loan contracts.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The inventories reported in the balance sheet at 31 March 2022 total € 4,085,407, net of an allowance amounting to € 689,164 that was increased during the year by € 114,716 to take account of the risks associated with obsolete and slow-moving items.

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	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	965,749	384,496	1,350,245
Work in process and semi-finished products	1,261,530	96,080	1,357,610
Finished products and goods	1,144,807	232,745	1,377,552
Total	*3,372,086*	*713,321*	*4,085,407*

The increase compared with the previous year is related to the combined effect of an increase in the value of the main raw material (aluminium alloy) recorded in 2021-22 and the trend in deliveries to customers: for the whole of the year, also affecting the latter part of it, this trend oscillated up and down and was slower than usual. This depended on various critical factors in place on international markets, exacerbated by the recent geopolitical turbulence in Europe, also with reference to the procurement of other components not directly related to the Company's business, but which have led to production interruptions and slowdowns at the plants of its main customers.

There are no inventories that have suffered reductions in their market value to below their book value because to Covid-19 or because of sales orders being cancelled; nor have such events taken place because of the conflict in Ukraine, as the Company's customers or suppliers are not directly involved in these areas.

Current receivables

They total € 8,083,347 at 31 March 2022. These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year
Trade receivables	4,047,745	(453,885)	3,593,860	3,593,860
Receivables due from fellow subsidiaries	2,592,218	594,424	3,186,642	3,186,642
Tax receivables	268,810	323,073	591,883	591,883
Deferred tax assets	692,213	(13,201)	679,012	-
Other receivables	138,993	(107,043)	31,950	31,950
Total	**7,739,979**	**343,368**	**8,083,347**	**7,404,335**

Trade receivables (€ 3,593,860 at 31 March 2022) are expressed at their presumed realization value, given the irrelevance of the application of the amortized cost approach. The nominal value of trade receivables has been adjusted to their estimated realisable value by means of a specific allowance for doubtful accounts of € 82,687, including the provision made during the year for a total of € 12,043 without any utilisations.

The amount receivable from fellow subsidiaries (€ 3,186,642 at 31 March 2022) relates to the trade receivables due from Endurance S.p.A.

Tax receivables (€ 591,833 at 31 March 2022) mainly consist of VAT recoverable from the Italian tax authorities (€ 315,578), IRES receivable (€ 50,360) and the credit connected to investments in new capital goods (€ 225,945) made pursuant to Law 160/2019 and Law 178/2020.

Deferred tax assets amount to € 679,012 at 31 March 2022 and mainly relate to tax losses not yet used and differences between the carrying amount of goodwill in the statutory accounts and fiscal accounts, as well as in the deferred deductibility of risk provisions and writedowns. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts.

Other receivables (€ 31,950 at 31 March 2022) consist of miscellaneous non-trade receivables (including advances paid to INAIL).

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the automotive sector that each have legal entities and factories located in several countries. In fact, at the year-end foreign trade receivables amount to 21% of all trade receivables.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 of the Italian Civil Code.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Treasury management assets	7,033,022	481,287	7,514,309
Total	*7,033,022*	*481,287*	*7,514,309*

This balance represents the amounts due from Endurance Overseas S.r.l. under the agreed cash pooling arrangements.

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	1,068,506	2,462,525	3,531,031
Cash on hand	1,527	(286)	1,241
Total	*1,070,033*	*2,462,239*	*3,532,272*

This item principally comprises the balance on bank current accounts at 31 March 2022. As regards the movement of cash flows for the year in question, please refer to what is indicated in the cash flow statement.

Prepaid expenses and accrued income

Prepaid expenses at 31 March 2022 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued income	751	(751)	-
Prepaid expenses	382,317	(100,906)	281,411
Total prepaid expenses and accrued income	**383,068**	**(101,657)**	**281,411**

Prepaid expenses mainly include the future portion of lease instalments and at various costs.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholders' equity items

With reference to the year just ended, the table below sets out changes - with reference to the years ended 31/03/2021 and 31/03/2022 - in the components of shareholder's equity, as well as details of other reserves, if any.

Financial statements at 31/03/2021:

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	900,000	-	-	-	900,000
Revaluation reserves	1,339,901	-	-	-	1,339,901
Legal reserve	180,000	-	-	-	180,000
Extraordinary reserve	4,693,035	-	-	-	4,693,035
Payments towards increase in capital	760,126	-	-	-	760,126
Retained earnings (accumulated losses)	661,959	-	837,571	-	1,499,530
Net income (loss) for the year	1,837,571	(1,000,000)	(837,571)	1,368,662	1,368,662
Total	**10,372,592**	**(1,000,000)**	**-**	**1,368,662**	**10,741,254**

Financial statements at 31/03/2022:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	900,000	-	-	-	900,000
Revaluation reserves	1,339,901	-	-	-	1,339,901

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Legal reserve	180,000	-	-	-	180,000
Extraordinary reserve	4,693,035	-	-	-	4,693,035
Payments towards increase in capital	760,126	-	-	-	760,126
Cash flow hedging reserve	-	-	35,904	-	35,904
Retained earnings (accumulated losses)	1,499,530	1,368,662	-	-	2,868,192
Net income (loss) for the year	1,368,662	(1,368,662)	-	1,409,309	1,409,309
Total	**10,741,254**	**-**	**35,904**	**1,409,309**	**12,186,467**

Share capital, which consists of 900,000 shares with a par value of € 1.00 each, is fully subscribed and paid.

A cash-flow hedging reserve was recognised in the financial statements during the year. Note that it is not available for distribution and cannot be used to cover losses. The item, recognised net of tax, includes the effective portion of the changes in fair value recorded in the derivative contract in place with reference to the hedging of financial flows associated with planned transactions that are highly probable; in accordance with the applicable standards, at the time of recognition of the asset or liability involved in the highly probable transaction, the Company transfers the equivalent effective amount of the derivative instrument from the reserve, including it directly in the book value of the asset or liability, adjusting the income or cost of the underlying transaction in the income statement.

Changes in the cash flow hedging reserve during the year are detailed below:

	Interest rate swap	Total
Net book value of the reserve at 31 March 2021	-	-
Increase: fair value change in derivative instruments (effective component)	47,242	47,242
Decrease: reversal to the income statement on realisation of the underlying transactions	-	-
Gross book value of the reserve at 31 March 2022	**47,242**	**47,242**
Deferred tax liabilities	(11,338)	(11,338)
Net book value of the reserve at 31 March 2022	**35,904**	**35,904**

Availability and use of shareholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	900,000	Capital		-
Revaluation reserves	1,339,901	Capital	A;B	-
Legal reserve	180,000	Revenue	B	-
Extraordinary reserve	4,693,035	Revenue	A;B;C	4,693,035
Payments towards increase in capital	760,126	Capital	A;B;C	760,126
Cash flow hedging reserve	35,904			-
Retained earnings (accumulated losses)	2,868,192	Revenue	A;B;C	2,868,192
Total	**10,777,158**			**8,321,353**
Amount not distributable				679,012
Residual amount distributable				7,642,341

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

With reference to the use made by the Company of the revaluation reserves, as shown in the statement of changes in equity, we would like to point out that the Company will not be able to distribute profits until these reserves have been reinstated for the same amount or reduced accordingly with a shareholders' resolution (pursuant to article 6 of Law 72/83 and subsequent revaluation laws).

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 c.c., covers the deferred tax assets recognised in the balance sheet, which are deemed to represent unrealised amounts.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year – Total	Balance at the end of the year
Provision for current and deferred taxation	84,313	11,339	-	11,339	95,652
Other provisions	1,376,546	-	84,408	(84,408)	1,292,138
Total	**1,460,859**	**11,339**	**84,408**	**(73,069)**	**1,387,790**

Provision for current and deferred taxation

This item refers entirely to deferred taxes set aside during the year to give an idea of the amount of temporary differences that required the use of deferred taxation. The provision recorded during the year refers to the tax effect of the positive fair value of the derivative instrument taken out by the Company and recorded in the cash-flow hedging reserve.

Other provisions

Provisions recorded in the financial statements at 31/03/2022 were made in the year to cover various liabilities (trade, tax, employment, etc), and were based on the best estimate with reference to the information available.

Employee termination indemnities

Employee termination indemnities amount to € 204,225 at 31 March 2022 (€ 241,908 al 31 March 2021). The changes during the year are summarised below

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	241,908	53,051	90,734	(37,683)	204,225
Total	**241,908**	**53,051**	**90,734**	**(37,683)**	**204,225**

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded in the period are related to advances paid to employees on termination of employment. The amount shown in the financial statements (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable, which are illustrated in the other change column.

Payables

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 of the Italian Civil Code.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	870,680	1,679,502	2,550,182	599,858	1,950,324
Advances	145,500	(145,500)	-	-	-
Trade payables	9,911,545	1,797,342	11,708,887	11,708,887	-
Due to parent companies	101,300	104,895	206,195	206,195	-
Payables due to fellow subsidiaries	185,362	(171,188)	14,174	14,174	-
Taxation payable	101,801	(1,863)	99,938	99,938	-
Due to pension and social security institutions	137,382	7,553	144,935	144,935	-
Other payables	805,365	87,728	893,093	893,093	-
Total	**12,258,935**	**3,358,469**	**15,617,404**	**13,667,080**	**1,950,324**

The amounts due to banks include both the short-term portion (€ 599,858) and the long-term portion (€ 1,950,324) of the loan taken out during the year from Unicredit Banca for a total of € 3,000,000.

Trade payables (€ 11,708,887) show an increase compared with the previous year in consideration of the trend in volumes in the last few months of the year, as well as the increase in the price of the Company's principal raw material (in fact, suppliers of aluminium alloys are the Company's main counterparties).

Payables due to parent companies total € 206,195 (at 31 March 2022) and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which are settled on an arm's length basis.

Payables due to fellow subsidiaries (€ 14,174 at 31 March 2022) include trade payables to Endurance S.p.A.

Tax payables, € 99,938, refer for € 93,819 to withholdings due for various reasons on staff payroll and self-employed fees, for € 5,419 to the balance of IRAP for the year and the rest to miscellaneous tax payables.

Other payables totalling € 893,093 principally include amounts due to employees for payroll and related accruals (€ 887,389) and other amounts due.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from shareholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	13,307	975	14,282
Deferred income	658,987	(25,040)	633,947
Total accrued expenses and deferred income	**672,294**	**(24,065)**	**648,229**

Deferred income relates entirely to income that will accrue in future years.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives. Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2021/2022 is analysed below on a comparative basis:

Description	Year 2021/2022	Year 2020/2021	Change
1) Revenues from sales of goods and services	34,839,435	27,528,993	7,310,442
2) Change in inventories of work in progress, semi-finished and finished products	618,794	(426,540)	1,045,334
5) Other income and revenues			
Operating grants	195,655	21,360	174,295
Other	482,346	571,499	(89,153)
Total	**36,136,230**	**27,695,312**	**8,440,918**

The value of production as a whole posted an increase of around 30% compared with the previous year, with a recovery that offset the reduction seen in the previous year, which was more heavily affected by the production stoppages caused by the pandemic.

Note, in addition to other income, realisation of the benefits linked to exercising the faculty introduced by art. 19 of Decree Law 73 of 25 May 2021, converted with modifications by Law 106 of 23 July 2021, for the conversion of the so-called Super-ACE into a tax credit (€ 49,272).

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	Year 2021/2022	Year 2020/2021	Change

Cost of raw and ancillary materials, consumables and goods for resale	17,017,130	11,157,466	5,859,664
Cost of services	11,619,932	9,251,267	2,368,665
Lease and rental charges	606,074	948,779	(342,705)
Payroll costs			
Wages and salaries	3,372,542	2,853,310	519,232
Social contributions	899,031	852,357	46,674
Employee termination indemnities	53,051	48,871	4,180
Other costs	169,393	177,991	(8,598)
Amortisation of intangible assets	-	975	(975)
Depreciation of tangible fixed assets	616,201	824,616	(208,415)
Writedown of receivables included in current assets	12,043	-	12,043
Change in inventory of raw and ancillary materials, consumables and goods	(94,526)	(149,791)	55,265
Other operating expenses	302,719	367,964	(65,245)
Total	**34,573,590**	**26,333,805**	**8,239,785**

Cost of production shows an overall increase of around 31% compared with the previous year, in line with what was recorded for the trend in production value; it relates mainly to the increase in the cost of raw materials and energy caused by the pandemic and the critical impacts this had on international markets, further aggravated by the geo-political turbulence which resulted in the conflict between Russia and Ukraine.

In contrast, the reduction in costs for leases and rentals should be noted, due in particular to the expiry of the finance lease for the industrial complex in Bione, subject to redemption during the year and depreciation for the year, following certain accelerations carried out the previous year (for approximately € 0.2 million) following a review of the useful life of certain assets.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income (€ 2,204) refers to income from equity investments in other companies (€ 67) and bank interest (€ 2,137).

Financial charges (€ 48,469) mainly relate to the financing of working capital and interest paid on the outstanding loan.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues, other positive components or costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The Company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2021/2022	Year 2020/2021
Income taxes	**107,066**	**(27,271)**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	93,865	53,068
of which: Taxation relating to prior years	-	

Net change in deferred taxation	13,201	(80,339)

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	221,041	6,311
Total taxable temporary differences	119,823	-
Net temporary differences	(101,218)	(6,311)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(556,378)	(51,522)
Deferred tax liability (assets) of the year	24,294	246
Provision for deferred tax liability (assets) at the end of the year	(532,084)	(51,276)

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The balance of deferred tax assets and liabilities shown in the table reflects the reversal of deferred tax assets recognised in prior years and the current year recognition of new deferred tax assets and liabilities.

Specifically, for IRES purposes, the following entries have been made: i) a higher reversal of deferred tax assets set aside in previous years mainly for the use of tax losses, with respect to the simultaneous provision for temporary differences arising in connection with inventory write-downs; ii) a provision for deferred tax liabilities on the positive mark-to-market adjustment of the derivative recognised at the end of the year.

With regard to IRAP, note the reversal of deferred tax assets set aside in previous years on temporary differences that became effective during the year.

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages. It does not include 10 temporary workers, comprising blue-collar personnel and the individual seconded to the administrative department from another Group company.

	White collar	Blue collar	Total employees
Average number	15	55	70

The workforce at 31 March 2022 (consisting solely of Company employees) comprises 69 persons.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 of the Italian Civil Code., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors

	Directors	Statutory Auditors
Fees	100,000	31,200

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the independent auditor (or firm of auditors) for the audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or firm of auditors
Amount	11,550	1,050	12,600

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

In the first few months of the subsequent year, despite the persistence of the Covid-19 pandemic, the Company did not suffer any impacts of an exceptional nature and continued its activity in compliance with the regulations then in force to contain infection and the spread of the virus.

The conflict in Ukraine, still on-going after the end of the year, constitutes a strong element of uncertainty as it is impossible to foresee the outcomes and consequences of this crisis on the fate of the world economy and on the Automotive industry. At present, taking into account the actions that have been taken, we believe that the effects of the conflict, despite being heavily penalising (especially because of the hike in the prices of energy commodities and raw materials), will not be such as to jeopardise the Company's business continuity, also because the Company does not have direct relationships with customers and suppliers in the countries affected by the conflict.

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no other events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

Pursuant to art. 2427-bis of the Italian Civil Code and order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amounts in Euro), grouped by type of instrument:

Type of instrument	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2022	Fair value	Number of contracts at 31/03/21	Original notional value	Notional at 31/03/2021	Fair value
Interest rate swap	1	3,000,000	2,550,182	47,242	-	-	-	-
Total	**1**	**3,000,000**	**2,550,182**	**47,242**	**-**	**-**	**-**	**-**

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2021 was 86,099 (82.8985 on 31 March 2020) - (source Thomson Reuters/RBI):

Balance sheet	**Financial statements at 31/03/2021**	**Financial statements at 31/03/2020**
Assets		
Non-current assets		
Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Assets held for sale	-	-
Total assets	**34,376.47**	**29,828.67**

Balance sheet	**Financial statements at 31/03/2021**	**Financial statements at 31/03/2020**
Liabilities and shareholders' equity		
Shareholders' equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84
Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and shareholders' equity	**34,376.47**	**29,828.67**

Income Statement	**Financial statements at 31/03/2021**	**Financial statements at 31/03/2020**
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	-
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

The report on operations describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

While there is some uncertainty about the definition of the subsidies that fall within the scope of application of the law, it is confirmed that the following funds were received during the year:

- Assistance for firms that are heavy consumers of electricity – 2019 Energy-Intensive Users Project for a total of € 319,796.13 (recognised as a reimbursement by the competent authorities - CSEA).

Furthermore, it should be noted that the following types of subsidies were granted, but did not result in the disbursement of funds during the year:

- Subsidies deriving from the transformation into a tax credit accrued for the so-called "super ACE" pursuant to art. 19 of Decree Law 73 of 25 May 2021, converted, with modifications, by Law 106 of 23 July 2021, for € 49,272 (recorded in the form of a tax credit, with no financial effect during the year, not having made any use in compensation)
- Tax credit usable by energy-intensive companies pursuant to Article 15 of Legislative Decree 4/2022, recorded in the financial statements for Euro 143.337 (without any financial effect, as they have not made any use in compensation at the balance sheet date);
- Guarantee given by the Fondo Centrale di Garanzia (Medio Credito Centrale) to cover an amount equal to 90% of the loan of € 3,000,000 taken out by the Company in April 2021.

Proposed allocation of profits or coverage of losses

Shareholders,

In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 1,409,309 to retained earnings.

Explanatory notes, closing section

Shareholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31/03/2022, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the books of account.

Bione, 16 May 2022

For the Board of Directors

The Managing Director

Luca Ghidini

ENDURANCE CASTINGS SPA

Company with Sole Shareholder
Head office: VIA CONCA D'ORO 14 - 14/A BIONE (BS)
Tax Code and Brescia Companies Register no. 00293110177
BRESCIA Chamber of Commerce (REA) no. 55600
Share capital: € 900,000.00 subscribed and fully paid
VAT Number: 00551150980
Management control and coordination: ENDURANCE TECHNOLOGIES PRIVATE LTD

Report of the Board of Statutory Auditors

Financial statements at 31/03/2022

Shareholders, Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the independent audit was assigned to Deloitte & Touche S.p.a. by the Shareholders' Meeting of 30/06/2020. Accordingly, this report only explains the supervisory work that we performed in accordance with the law.

Report to the Shareholder's Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended 31/03/2022, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2022

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the independent auditors and, with reference to those meetings, no significant information or data emerged that should be disclosed in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code;

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Supervisory activities pursuant to art. 2403 onwards of the Civil Code

The draft financial statements for the year ended 31/03/2022, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- balance sheet
- income statement
- statement of cash flows
- explanatory notes

The result for the year is net income of € 1,409,309, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022	FY 2021	Difference
FIXED ASSETS	6,547,369	5,777,062	770,307
CURRENT ASSETS	23,215,335	19,215,120	4,000,215
PREPAID EXPENSES AND ACCRUED INCOME	281,411	383,068	(101,657)

Description	FY 2022	FY 2021	Difference
TOTAL ASSETS	30,044,115	25,375,250	4,668,865

Description	FY 2022	FY 2021	Difference
SHAREHOLDERS' EQUITY	12,186,467	10,741,254	1,445,213
PROVISION FOR RISKS AND CHARGES	1,387,790	1,460,859	(73,069)
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	204,225	241,908	(37,683)
PAYABLES	15,617,404	12,258,935	3,358,469
ACCRUED EXPENSES AND DEFERRED INCOME	648,229	672,294	(24,065)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	30,044,115	25,375,250	4,668,865

Income Statement

Description	FY 2022	FY 2021	Difference
VALUE OF PRODUCTION	36,136,230	27,695,312	8,440,918
REVENUES FROM SALES OF GOODS AND SERVICES	34,839,435	27,528,993	7,310,442
PRODUCTION COST	34,573,590	26,333,805	8,239,785
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	1,562,640	1,361,507	201,133
RESULT BEFORE TAXES (A-B+-C+-D)	1,516,375	1,341,391	174,984
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	107,066	(27,271)	134,337
PROFIT (LOSS) FOR THE YEAR	1,409,309	1,368,662	40,647

We have examined the draft financial statements for the year ended 31/03/2022, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- The accounting policies used in preparing the financial statements at 31/03/2022 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 5, of the Italian Civil Code, there are no start-up and expansion costs or development costs;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at 31/03/2022 do not contain any amounts representing goodwill under intangible assets;

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2022, as shown in the financial statements, is positive for € 1,409,309.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

Conclusion

Considering the results of the work performed by the independent auditors, as explained in their unqualified audit report, issued without any emphasis of matter on 17/05/2022 and including an information note regarding the change in the reporting date of the end of the financial year and the related effects on the comparability of the figures of the previous year, we unanimously believes that there are no impediments to the approval by the Shareholders' Meeting of the draft financial statements closed on 31/03/2022, as drawn up and proposed by the Directors.

Milan, 18/05/2022

The Board of Statutory Auditors

Fulvio Mastrangelo

Attilio Bonetti

Massimo Carera

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Endurance Castings S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Castings S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Castings S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Castings S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Castings S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Castings S.p.A. as at March 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 17, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ENDURANCE ADLER SPA

Head office: VIA DI VITTORIO, 20/22 ROVERETO (TN)
Trento Companies Register of the Trento Chamber of Commerce
Tax Code, and registration No. 00106120223
Trento Business Register (REA) no.TN 53464
Share capital: € 120,000.00 subscribed and fully paid
VAT Number: 00106120223
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements at 31/03/2022

Shareholders,
The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2022. In accordance with art. 2428 of the Italian Civil Code, this document provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

The most significant event that marked the year to March 2022 is undoubtedly the return of war scenarios in Europe, with the dramatic conflict in Ukraine still ongoing sadly at the time of preparing this report. In response to the humanitarian crisis that unfortunately involved the population following the conflict, Western countries intervened by imposing sanctions that have exacerbated the already existing imbalances, particularly in the supply of raw materials and energy sources. Apart from the recent geopolitical events, which resulted in the military confrontation, the whole of 2021-22 featured by the series of extraordinary events that involved the international community, influencing the market context of the Automotive sector. The first quarter of the year (April-June 2021) began with confirmation of the economy's recovery, facilitated by a progressive easing of the restrictions introduced to deal with the pandemic. The reopening of business contributed to the growth in GDP (+5.3% in the Euro area for 2021) and the Automotive sector also benefited from this recovery. However, starting from the second quarter (July-September), production slowdowns began due to the problems that car manufacturers were encountering in the procurement of semiconductors. The lack of chips and other electronic components then continued over the course of the following quarters, causing a sharp decline in vehicle registrations compared with both the previous year (2020-21, which was heavily influenced by Covid) and with 2019-20 (the last year that enjoyed normal conditions).

The spread of the Covid-19 Omicron variant, which forced the reintroduction of health measures, and the increase in inflation due to the rise in the prices of raw materials and energy, also contributed to the slowdown. In fact, gas and electricity prices began to rise in the autumn, affecting all international markets, Europe in particular, with the result that the flow of gas from Russia to European countries decreased. In October-December, the material component of energy suffered price hikes of around 400% compared with the historical average of the previous two years. These increases were then further aggravated in the following quarter by the outbreak of war. This extraordinary and unpredictable explosion in energy prices has had a significant impact on the Company's results, as explained in greater detail below in the section where we analyse our results.

In this complex macroeconomic scenario, registrations of new vehicles during the financial year (from April '21 to March 2022) fell overall by -4.9%, considering the European Union and the UK market (the EU on its own -6.3%), with a strong recovery in the first quarter (+66.7%, due more than anything else to the low volumes of the previous year marked by generalised lockdowns) and a contraction of -23.6% in the second quarter, -23.4% in the third quarter and -10.8% in the last quarter. As these were generalised effects, the decreases affected all countries and all car manufacturers with the exception of Spain (+2.4%) and the UK (+4.2%), which had been heavily penalised the previous year. The VW group, the main manufacturer with almost a third of the EU market, recorded a drop in registrations of -8.5%, Stellantis one of -10.8%, Renault -11.7%, BMW -3.7% and Daimler -12.6%. In the last quarter of the year (January - April 2022), the main car manufacturers recorded the following trends in terms of registrations: VW -15.6%, Stellantis -23.9%, Renault -8.1%, BMW -11.46% and Daimler -9.4%.

The data on the production of P&CV vehicles published by IHS MARKIT for the calendar year 2021 show a growth in world production of cars of +2.7% (compared with -16.9% the previous year, going from 61.5 million to 63.2 million vehicles) compared with +3.6% of total registrations. The change by geographical macro area shows the following: EU -5.7%, North America -2.4%, South America +11.2%, Asia +6.7%, Middle East and Africa +15.1%. Within the European Union, Germany was the leading producer with output of 2.9 million vehicles (albeit down 13.2% compared with the previous year), followed by Spain with 1.6 million vehicles (-8.9%), the Czech Republic 1.1 million (-3.4%), Slovakia 1.0 million (+2.7%), France 0.9 million (-1.8%), Italy, Romania and Hungary 0.4 million (-7.9%, -4.0% and -3.0% respectively) compared with the previous year. In the same period, exports of vehicles from the European Union grew by +3.6% in value, as did imports, which grew in value by +2.3%.

In 2021, the market share of traditional combustion vehicles stood at 59.6% (having been 75.5% the previous year) of the EU market (40.0% petrol and 19.6% diesel), while hybrid vehicles (HEVs) reached 19.6% (11.9% the previous year) and rechargeable electric vehicles (ECVs) accounted for 18.0% (10.5% the previous year) of registrations, with a 9.1% share going to pure electric vehicles (BEV) and 8.9% to plug-in hybrids (PHEV).

The motorcycle market, which is the Company's reference market, posted registrations up by 7.8% in 2021 in the main European market compared with the previous calendar year with the following situation broken down by country: Italy grew by +23.6%, France +8.5%, Spain +8% and Germany -9.7%. Sales exceeded 2019, demonstrating that the sector is in good health, benefiting from more recreational activity near to home and greater use of motorbikes as an alternative to public transport.

From an industrial point of view, it should be remembered that the Company had to cope with erratic logistical planning on the part of customers as they tried to adapt to dysfunctions in the supply chains (especially in the availability of semiconductors). This meant having to face periods of total or partial suspension of production, in some cases having recourse to temporary lay-offs with State redundancy benefits.

In this extremely complex market situation, characterised by a series of negative external factors, the Company still managed to achieve positive results.

Key events

As mentioned previously, the Company again suffered the effects of the pandemic during the year. In any case, the preventive measures introduced and those adopted over time in accordance with the regulatory provisions and protocols, made it possible to contain cases of positivity to the virus, guaranteeing the safety of all workplaces.

The technical-commercial activity carried out during 2021-2022 was particularly intense, and should allow supplies for new applications and new customers. Collaboration in the industrial and technical fields also continued with the ultimate parent company, Endurance Technologies Ltd.

During the year, a licensing agreement was concluded with the parent company Endurance Overseas S.r.l. for the exclusive exploitation of patents, trademarks and know-how held by the Company in the field of brake discs and braking systems. The contract provides for payment of Euro 2,250,000 plus a variable portion according to the final turnover based on utilisation of the intellectual properties starting in five years' time. This licence integrates the first one granted by Adler SpA to Endurance Overseas Srl before this company joined the Endurance Group and which mainly concerned patents, trademarks and know-how for the production of clutches for motor vehicles.

With the aim to encourage the Company's relaunch and development projects, on 26 May 2021, by deed of the Notary Agostini in Milan rep. no. 84786/17517, the parent company Endurance Overseas Srl recapitalised Endurance Adler SpA for an amount of Euro 2.0 million by means of a cash increase in capital of Euro 720,000 and a share premium of Euro 1,280,000. Following the waiver of the option right by the minority shareholder, Endurance Overseas Srl individually initiated the capital increase by subscribing all of the 720,000 new shares with a par value of 1 Euro each.

In March 2022, the parent company Endurance Overseas Srl acquired from the minority shareholder Amfin Holding SpA the other shares that it held (0.14%) in the company, which is now 100% controlled by Endurance Overseas Srl.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) since October 2016.

The management control and coordination activities carried out have not had any particular impact on the Company's activities or its results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities and for which there is a need to justify the reasons for them and the interests that impacted on them.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	FY 2022	%	FY 2021	%	Change	% Change
WORKING CAPITAL	**5,551,537**	**43.89 %**	**5,636,393**	**48.11 %**	**(84,856)**	**(1.51) %**
Immediate liquidity	**561,779**	**4.44 %**	**1,147,834**	**9.80 %**	**(586,055)**	**(51.06) %**
Cash and cash equivalents	561,779	4.44 %	1,147,834	9.80 %	(586,055)	(51.06) %
Deferred liquidity	**3,732,051**	**29.50 %**	**3,688,081**	**31.48 %**	**43,970**	**1.19 %**
Current receivables included in working capital	2,431,597	19.22 %	1,860,887	15.88 %	570,710	30.67 %
Current portion of non-current receivables	320,000	2.53 %	480,000	4.10 %	(160,000)	(33.33) %
Tangible fixed assets held for sale	-	-	1,275,000	10.88 %	(1,275,000)	(100.00) %
Financial assets	929,876	7.35 %	-	-	929,876	-
Prepaid expenses and accrued income	50,578	0.40 %	72,194	0.62 %	(21,616)	(29.94) %
Inventories	1,257,707	9.94 %	800,478	6.83 %	457,229	57.12 %
FIXED ASSETS	**7,097,755**	**56.11 %**	**6,080,261**	**51.89 %**	**1,017,494**	**16.73 %**
Intangible assets	2,728,133	21.57 %	2,850,646	24.33 %	(122,513)	(4.30) %
Tangible fixed assets	3,041,185	24.04 %	1,691,208	14.43 %	1,349,977	79.82 %
Financial fixed assets	22	-	320,024	2.73 %	(320,002)	(99.99) %
Non-current portion of receivables included in working capital	1,328,415	10.50 %	1,218,383	10.40 %	110,032	9.03 %
CAPITAL EMPLOYED	**12,649,292**	**100.00 %**	**11,716,654**	**100.00 %**	**932,638**	**7.96 %**

Balance Sheet - Liabilities and Shareholder's Equity

Item	FY 2022	%	FY 2021	%	Change	% Change
LIABILITIES	**10,148,005**	**80.23 %**	**11,383,237**	**97.15 %**	**(1,235,232)**	**(10.85) %**
Current liabilities	**6,432,194**	**50.85 %**	**7,024,560**	**59.95 %**	**(592,366)**	**(8.43) %**
Current payables	2,906,114	22.97 %	4,601,867	39.28 %	(1,695,753)	(36.85) %
Accrued expenses and deferred income	3,526,080	27.88 %	2,422,693	20.68 %	1,103,387	45.54 %
Non-current liabilities	**3,715,811**	**29.38 %**	**4,358,677**	**37.20 %**	**(642,866)**	**(14.75) %**
Non-current payables	3,000,000	23.72 %	3,100,000	26.46 %	(100,000)	(3.23) %

Item	FY 2022	%	FY 2021	%	Change	% Change
Provision for risks and charges	461,064	3.64 %	844,109	7.20 %	(383,045)	(45.38) %
Employee termination indemnities	254,747	2.01 %	414,568	3.54 %	(159,821)	(38.55) %
EQUITY	**2,501,287**	**19.77 %**	**333,417**	**2.85 %**	**2,167,870**	**650.20 %**
Share capital	840,000	6.64 %	120,000	1.02 %	720,000	600.00 %
Reserves	3,599,457	28.46 %	2,319,457	19.80 %	1,280,000	55.19 %
Retained earnings (accumulated losses)	(2,106,039)	(16.65) %	(880,809)	(7.52) %	(1,225,230)	(139.10) %
Net income (loss) for the year	167,869	1.33 %	(1,225,231)	(10.46) %	1,393,100	113.70 %
FINANCING SOURCES	**12,649,292**	**100.00 %**	**11,716,654**	**100.00 %**	**932,638**	**7.96 %**

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
Fixed asset coverage	41.08%	6.24%	558.33%
Debt ratio	4.06	34.14	(88.11%)
Financial debt ratio	1.24	15.7	(92.10%)
Equity to capital employed	19.77%	2.85%	593.68%
Financial charges to turnover	0.52%	1.63%	(68.10%)
Current ratio	87.67%	80.24%	9.26%
Fixed asset to equity capital margin	(3,268,053.00)	(4,528,461.00)	(27.83%)
Primary coverage ratio	0.43	0.07	514.29%
(Equity + non current liabilities) - fixed assets	547,758.00	(169,784.00)	(422.62%)
Secondary coverage ratio	1.08	0.97	11.34%
Net working capital	(780,657.00)	(1,388,167.00)	(43.76%)
Acid test margin	(2,038,364.00)	(2,188,645.00)	(6.87%)
Acid test ratio	67.81%	68.84%	(1.50%)

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

	FY 2022	%	FY 2021	%	Change	% Change
VALUE OF PRODUCTION	**8,549,763**	**100.00%**	**7,215,937**	**100.00%**	**1,333,826**	**18.48%**
- Consumption of raw materials	2,968,508	34.72%	2,407,556	33.36%	560,952	23.30%
- General expenses	2,632,978	30.80%	2,430,689	33.69%	202,289	8.32%
VALUE ADDED	**2,948,277**	**34.48%**	**2,377,692**	**32.95%**	**570,585**	**24.00%**
- Payroll costs	1,730,467	20.24%	1,816,725	25.18%	(86,258)	(4.75%)
- Provisions	-	-	300,000	4.16%	(300,000)	(100.00%)
GROSS OPERATING MARGIN	**1,217,810**	**14.24%**	**260,967**	**3.62%**	**956,843**	**366.65%**
- Depreciation, amortisation and writedowns	918,793	10.75%	1,444,061	20.01%	(525,268)	(36.37%)
- Other operating expenses	144,976	1.70%	125,205	1.74%	19,771	15.79%
INCOME BEFORE FINANCIAL ITEMS (EBIT)	**154,041**	**1.80%**	**(1,308,299)**	**(18.13%)**	**1,462,340**	**(111.77%)**

+ Financial items	(47,219)	(0.55%)	(116,732)	(1.62%)	69,513	(59.55%)
INCOME BEFORE TAX	**106,822**	**1.25%**	**(1,425,031)**	**(19.75%)**	**1,531,853**	**(107.50%)**
- Taxation	(61,047)	(0.71%)	(199,800)	(2.77%)	138,753	(69.45%)
NET INCOME	**167,869**	**1.96%**	**(1,225,231)**	**(16.98%)**	**1,393,100**	**(113.70%)**
EBITDA	**1,072,834**	**12.55%**	**135,762**	**1.88%**	**937,072**	**690.23%**

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2022	FY 2021	% Change
R.O.E.	6.71%	(367.48%)	101.83%
R.O.I.	22.34%	101.07%	77.90%
R.O.S.	1.89%	(17.64%)	110.74%
R.O.A.	1.22%	(11.17%)	110.91%

Information required by art. 2428 of the Civil Code

The detailed information specifically required by art. 2428 of the Italian Civil Code is presented below.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy.
Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.
There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Furthermore, the tightening of international sanctions is affecting uncertainties about the trend in prices of energy commodities, basic materials (metals in particular) and agricultural products with repercussions on consumer prices and the growth prospects for the Euro area. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.
What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions).
Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).
Lastly, where considered appropriate, the Company makes use of interest rate derivatives with the aim of hedging the risks described.

Risks relating to changes in exchange rates
The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment

The Company dedicates special attention to ensuring that production and operating activities comply with the applicable regulations and international agreements, seeking to introduce and disseminate a culture that continuously improves environmental performance and the safety of products and processes, while also safeguarding personnel and installations.

General training on the environment and safety has been provided, as well as specific job-related safety sessions for employees and managers;

Considering the current and ongoing Covid-19 healthcare crises and in compliance with the decisions made by the Endurance Group and the authorities, the Company continues to adopt and implement the following measures:

- compliance with the Protocol for tackling and containing the spread of the Covid-19 virus in working environments and for governing activities and ensuring the protection of employees and third parties, in accordance with the instructions issued by the authorities.
- supply to personnel of certified surgical masks, disinfectant solutions and materials for the cleaning and sanification of their working environments, as well as the maintenance of social distancing.
- to the extent feasible, the Company has extended to all job descriptions the ability to make recourse to smart working, giving preference to this approach over attendance in the workplace.

Information on personnel management

The workforce amounted to 35 employees at the end of 01/04/2021 - 31/03/2022 financial year.

The principal training activities during the twelve months ended 31/3/2022 covered both manufacturing and staff functions, in order to pursue the continuous improvement of production processes and business processes as a whole.

Research and development activities

In accordance with point 1) of the third paragraph of art. 2428 of the Italian Civil Code, we can confirm that development activities were carried out during the year, applied in particular to the product and focused on optimising the performance of the APTC EVO and APTC PLUS clutches, aimed at solving the needs identified in the applications used in the various target markets.

Transactions with subsidiaries, associated companies and parent companies and companies subject to control by parent companies

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis of the Italian Civil Code, it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as “affiliates”), as summarised below

Receivables from affiliates classified under current assets

Description	FY 2022	FY 2021	Change
from parent companies	31,769	40,522	(8,753)
Total	*31,769*	*40,522*	*(8,753)*

The receivables are due from Endurance Technologies Limited, the ultimate parent company, and relate to such commercial activities as the sale of items and the provision of services to the Parent Company.

Payables due to and loans from affiliates

Description	FY 2022	FY 2021	Change
due to parent companies	3,165,113	5,236,056	(2,070,943)
payables due to fellow subsidiaries	1,688	-	1,688
Total	*3,166,801*	*5,236,056*	*(2,069,255)*

Payables relate to:
- commercial relations with Endurance Technologies Limited, € 73,735;
- trade payables for the services provided by the direct parent company (€ 62,361) and interest on the loans received from Endurance Overseas Srl (€ 14,173)
- the outstanding balance on the loan from Endurance Overseas S.r.l., € 3,000,000 (reduced to € 2 million on the previous year, due to the increase in capital described above).

Payables due to fellow subsidiaries refer to outstanding relationship with Endurance S.p.A.

Treasury shares

Pursuant to arts. 2435 bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The problems and uncertainties that characterised this last year are not likely to disappear any time soon. The International Monetary Fund recently issued forecasts that, despite the multiple risk factors existing on the international scene and even though they are lower than expected in January, see global GDP growth for 2022 of +3.6%, with +3.7% for the USA, +2.8% for the Euro Area (+2.3% for Italy and +2.1% for Germany) and +3.8% for emerging economies (+4.4% for China and +8.2% for India).

Temporary factors aside, which should hopefully be resolved quickly, there are still unknowns that are more difficult to resolve quickly because they are the result of geopolitical situations that seem definitively compromised. The sanctions and the progressive embargo already implemented or planned for supplies from Russia, for energy in particular, but also for basic materials and foodstuffs, will entail extra costs in procurement destined to weigh on the purchasing power of consumers and businesses with significant impacts in terms of inflation. This will also lead to an increase in interest rates, which have already risen significantly in recent months, and this will further reduce the share of those willing to take on debt to finance their propensity to consume.

Even the possibility that the emergence of new variants of Covid may induce some countries to carry on with periods of lockdown, could continue to cause disruptions in procurement and supply chains.

At the moment there is a lot of uncertainty because the outcomes and consequences that the various crisis scenarios will have on the fate of the world economy, and therefore on the repercussions for the Automotive sector, are not yet clear.

We are well aware of the complex situation in which we will have to operate. We will have to maintain the highest possible flexibility, while waiting for the initiatives announced by the government to resolve the structural conditions that have deteriorated because of the international context. It is important that the national and European authorities continue to support the economy, as shown by the latest measures that they have adopted. They need to address situations of general difficulty, those of a macroeconomic nature, which afflict Continental Europe in particular.

The financial resources that we have available will make allow us to cover our commitments, certainly for the next 12 months, despite the persistence of external conditions that are far from optimal.
Based on the available product portfolio and in the absence of further serious external shocks, we believe we can achieve positive results in the coming year.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant and consequent to the provisions of point 6-bis) of the third paragraph of art. 2428 of the Civil Code, it is confirmed that the company has not used derivatives to hedge interest-rate risks

Conclusion

In light of the considerations set out above and of disclosures made in the explanatory notes, we invite the shareholders:

- to approve the financial statements at 31/03/2022 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Rovereto, 16/05/2022

For the Board of Directors
The Managing Director

Giuseppe Lisciani

General information on the company

Company data

Name:	ENDURANCE ADLER SPA
Registered office:	VIA DI VITTORIO, 20/22 ROVERETO (TN)
Share capital:	840,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	TN
VAT Number:	00106120223
Tax code:	00106120223
REA Number:	53464
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	293209
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2022

Balance sheet

	31/03/2022	31/03/2021
Assets		
B) Fixed assets		
I - Intangible assets	-	-
1) start-up and expansion costs	4,178	5,697
2) development costs	514,648	125,000
3) industrial patent rights and intellectual property rights	1,181,958	1,568,798
4) concessions, licences, trademarks and similar rights	993,840	1,100,000
6) assets in process of formation and advance payments	15,400	15,400
7) other	18,109	35,751
Total intangible assets	*2,728,133*	*2,850,646*

	31/03/2022	31/03/2021
II - Tangible fixed assets	-	-
1) land and buildings	1,911,333	718,070
2) plant and machinery	733,610	765,511
3) industrial and commercial equipment	109,128	131,389
4) other assets	26,114	76,238
5) assets in process of formation and advance payments	261,000	-
Total tangible fixed assets	*3,041,185*	*1,691,208*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	22	24
Total equity investments	*22*	*24*
2) receivables	-	-
d-bis) from others	320,000	800,000
due within one year	320,000	480,000
due beyond one year	-	320,000
Total receivables	*320,000*	*800,000*
Total financial fixed assets	*320,022*	*800,024*
Total fixed assets (B)	*6,089,340*	*5,341,878*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	522,780	483,656
2) work in process and semi-finished products	299,845	92,783
4) finished products and goods	435,082	224,039
Total inventories	*1,257,707*	*800,478*
Tangible fixed assets held for sale	-	1,275,000
II - Receivables	-	-
1) from customers	1,728,378	915,626
due within one year	1,728,378	915,626
4) from parent companies	31,769	40,522
due within one year	31,769	40,522
5-bis) tax receivables	279,184	456,099
due within one year	279,184	456,099
5-ter) deferred tax assets	1,322,005	1,203,308
5-quater) from others	398,676	463,715
due within one year	392,266	448,640
due beyond one year	6,410	15,075

	31/03/2022	31/03/2021
Total receivables	*3,760,012*	*3,079,270*
III - Current financial assets	-	-
treasury management assets	929,876	-
Total current financial assets	*929,876*	-
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	560,953	1,146,477
3) cash on hand	826	1,357
Total cash and cash equivalents	*561,779*	*1,147,834*
Total current assets (C)	*6,509,374*	*6,302,582*
D) Accrued income and prepaid expenses	**50,578**	**72,194**
Total assets	*12,649,292*	*11,716,654*
Liabilities and shareholders' equity		
A) Shareholders' equity	**2,501,287**	**333,417**
I - Share capital	840,000	120,000
II - Share premium reserve	3,599,457	2,319,457
VIII - Retained earnings (accumulated losses)	(2,106,039)	(880,809)
IX - Net income (loss) for the year	167,869	(1,225,231)
Total shareholders' equity	2,501,287	333,417
B) Provision for risks and charges		
4) Other	461,064	844,109
Total provisions for risks and charges	*461,064*	*844,109*
C) Employee termination indemnities	**254,747**	**414,568**
D) Payables		
6) advances	511,289	419,966
due within one year	511,289	419,966
7) trade payables	1,308,757	1,047,948
due within one year	1,308,757	1,047,948
11) due to parent companies	3,165,113	5,236,056
due within one year	165,113	2,236,056
due beyond one year	3,000,000	3,000,000
11-bis) due to fellow subsidiaries	1,688	-
due within one year	1,688	-
12) tax payables	165,969	114,483
due within one year	165,969	114,483
13) due to pension and social security institutions	385,022	407,383
due within one year	385,022	407,383

	31/03/2022	31/03/2021
14) other payables	368,276	476,031
due within one year	268,276	376,031
due beyond one year	100,000	100,000
Total payables	*5,906,114*	*7,701,867*
E) Accrued expenses and deferred income	**3,526,080**	**2,422,693**
Total liabilities and shareholders' equity	*12,649,292*	*11,716,654*

Income statement

	31/03/2022	31/03/2021
A) Value of production		
1) revenues from sales of goods and services	7,545,713	6,852,972
2) change in inventories of work in progress, semi-finished and finished products	418,105	(199,604)
4) increases in non-current assets from in-house production	419,648	-
5) other income and revenues	-	-
operating grants	114,900	-
other	51,397	562,569
Total other income and revenues	*166,297*	*562,569*
Total value of production	*8,549,763*	*7,215,937*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	3,007,632	1,701,810
7) services	2,531,690	2,318,235
8) lease and rental charges	101,288	112,454
9) payroll	-	-
a) wages and salaries	1,165,111	1,210,401
b) social contributions	428,582	438,196
c) termination indemnities	93,768	106,295
e) other costs	43,006	61,833
Total payroll costs	*1,730,467*	*1,816,725*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	590,360	811,344
b) depreciation of tangible fixed assets	328,433	386,812
c) other writedowns of fixed assets	-	245,905
Total depreciation, amortisation and writedowns	*918,793*	*1,444,061*
11) Change in inventory of raw and ancillary materials, consumables and goods	(39,124)	705,746

	31/03/2022	31/03/2021
13) Other accruals	-	300,000
14) other operating expenses	144,976	125,205
Total cost of production	*8,395,722*	*8,524,236*
Difference between production value and cost (A - B)	**154,041**	**(1,308,299)**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
other	-	238
Total income other than the above	-	*238*
Total other financial income	-	*238*
17) interest and other financial charges	-	-
parent companies	18,382	22,520
other	20,718	89,315
Total interest and other financial charges	*39,100*	*111,835*
17-bis) exchange gains and losses	(8,119)	(5,135)
Total financial income and charges (15+16-17+-17-bis)	*(47,219)*	*(116,732)*
Result before taxes (A-B+-C+-D)	**106,822**	**(1,425,031)**
20) Income taxes for the year, current and deferred		
current taxation	42,806	-
deferred taxation	(118,697)	(199,800)
income (charges) from tax consolidation/tax transparency	(14,844)	-
Total income taxes for the year, current and deferred	*(61,047)*	*(199,800)*
21) Net income (loss) for the year	**167,869**	**(1,225,231)**

Statement of cash flow (indirect method)

	Amount at 31/03/2022	Amount at 31/03/2021
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	167,869	(1,225,231)
Taxation	(61,047)	(199,800)
Interest expense/(interest income)	47,219	116,732
(Gains)/losses from disposal of assets	(6,271)	(320,779)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*147,770*	*(1,629,078)*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	93,768	405,687
Depreciation and amortisation of fixed assets	918,793	1,198,156
Writedowns for permanent losses	-	245,905
Total adjustments for non-cash items that had no contra-entry in net working capital	*1,012,561*	*1,849,748*
2) Cash flow before changes in net working capital	*1,160,331*	*220,670*
Change in net working capital		
Decrease/(Increase) in inventory	(457,229)	953,220
Decrease/(Increase) in trade receivables	(803,999)	571,069
Increase/(Decrease) in trade payables	(1,882,181)	(1,931,728)
Decrease/(Increase) in prepaid expenses and accrued income	21,616	11,113
Increase/(Decrease) in accrued expenses and deferred income	1,103,387	(562,082)
Other decreases/(Other Increases) in net working capital	341,399	(4,228,235)
Total changes in net working capital	*(1,677,007)*	*(5,186,643)*
3) Cash flow after changes in net working capital	*(516,676)*	*(4,965,973)*
Other adjustments		
Interest collected/(paid)	(47,219)	(116,732)
(Income taxes paid)	(70,667)	(18,251)
(Use of provisions)	(636,634)	(416,757)
Total other adjustments	*(754,520)*	*(551,740)*
Cash flow from operating activities (A)	***(1,271,196)***	***(5,517,713)***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(467,847)	(134,077)
Disposals	9,983	-
Intangible assets		
(Investments)	(407,121)	(1,396,408)
Financial fixed assets		

	Amount at 31/03/2022	Amount at 31/03/2021
Disposals	480,002	-
(Purchase of business units net of cash and cash equivalents)	-	3,489,308
Cash flow from investing activities (B)	***(384,983)***	***1,958,823***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	(929,876)	(343,592)
New loans	-	5,000,000
(Repayment of loans)	-	(668)
Own funds		
Cash increase in capital	2,000,000	-
Cash flow from financing activities (C)	***1,070,124***	***4,655,740***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(586,055)***	***1,096,850***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	1,146,477	49,351
Cash on hand	1,357	1,633
Total cash and cash equivalents at the beginning of the year	1,147,834	50,984
Cash and cash equivalents at the end of the year		
Bank and postal deposits	560,953	1,146,477
Cash on hand	826	1,357
Total cash and cash equivalents at the end of the year	561,779	1,147,834

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.
This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.
Note that the item "Increase (decrease) in short-term due to banks" includes the change in the positive balance of the cash pooling accounts managed by Endurance Overseas S.r.l. (with a total increase of € 929,876 during the year).
Adler RE Srl and Grimeca Srl were absorbed by Endurance Adler SpA during the previous year (with effect for accounting purposes from 01/04/2020).

The following table summarises the balance sheet figures acquired as part of this merger:

	Balances acquired
Assets	
B) Fixed assets	
Intangible assets	922,426
Tangible fixed assets	2,354,962
Financial fixed assets	1,200,000
Total fixed assets (B)	**4,477,388**
C) Current assets	
Inventories	-
Receivables	633,066
Cash and cash equivalents	91,189
Total current assets (C)	**724,255**
D) Accrued income and prepaid expenses	**1,886**
Total assets	**5,203,529**
Liabilities and shareholders' equity	
A) Shareholder's equity	3,928,621
B) Provision for risks and charges	83,891
C) Provision for employee termination indemnities	-
D) Payables	1,190,926
E) Accrued expenses and deferred income	91
Total liabilities and shareholders' equity	**5,203,529**

Explanatory notes, first part

Shareholders,

These explanatory notes are an integral part of the financial statements for the year ended 31/03/2022.

The financial statements that we are submitting for your approval close with a net income of € 167,869 after providing for current and deferred taxes and consolidation adjustments which resulted in income of € 61,047 and net of depreciation and amortisation of € 929,544.

The financial statements for the year ended 31 March 2022 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

However, the pandemic continued to influence economic trends worldwide during the year, including the sector to which Endurance belongs. The Company was also affected by the slowdown in registrations of new vehicles, and therefore in demand for our goods and services, due to external events such as the difficulty of manufacturers in finding semiconductors and the increase in the cost of energy and raw materials.

Further aggravating the general picture were the serious repercussions that the conflict in Ukraine is causing at a macroeconomic level, starting in the latter part of the financial year, due to the continuing rise in energy and raw material prices. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. Given the significant amount of electricity and gas consumed in the Company's production process, the sharp rise in the cost of energy factors significantly impacted its results.

To help businesses cope with the consequences of expensive energy, some temporary concessions have been introduced to mitigate the increase in costs through the recognition of tax credits of variable amounts depending on whether or not they belong to the categories of so-called high energy or gas-consuming companies.

Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line. -

In the preparation of the financial statements, income and expenses are recorded on an accrual basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have thus been prepared clearly and give a true and fair view of the company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to Art. 2423 ter of the Civil Code, it is hereby confirmed that all the financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law. Their book value is stated net of accumulated amortisation and writedowns. Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight line basis
Development costs / Know-how	5 years on a straight line basis
Industrial patent rights	5 years on a straight line basis
Concessions, licences and similar rights	5 years on a straight line basis
Trademarks	10 years on a straight line basis
Other intangible assets	5 years / 3 years on a straight-line basis

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws. Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year.

Tangible fixed asset items	Depreciation rate
Industrial buildings	3%
Light constructions	10%
Plant and machinery	10%
Industrial and commercial equipment	25%
Furnaces and appurtenances	15%
Furniture and furnishings	12%
Electronic office machines	20%
Instrumental cars/motor vehicles	25%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis calculated on the actual number of days. Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite. If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accrual basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished) and finished products: specific production cost including all costs directly attributable to the product, as well as a reasonable share of manufacturing overheads.
- Goods and Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse, collected and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement item C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Provision for pensions and similar commitments

They represent the liabilities for supplementary pension benefits and for the "one-off" indemnities due to employees, self-employed workers and other collaborators, in force of law and contract, on termination of the relationship.

Employee termination indemnities

Employee termination indemnities represent the total amount that the company would have to pay to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accrual basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accrual basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accrual basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as “deferred tax assets” and among the provisions for risks and charges as “deferred tax liabilities”.

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

However, the Company does not have any assets or liabilities denominated in foreign currency at the balance sheet date.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

Intangible assets total € 2,728,133 at 31/03/2022, after charging amortisation of € 590,360 to the income statement.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Balance at the beginning of the year								
Cost	10,061	160,632	3,005,672	1,200,000	228,459	15,400	113,952	4,734,176
Amortisation (Accumulated amortisation)	4,364	35,632	1,436,874	100,000	228,459	-	78,201	1,883,530
Carrying amount	5,697	125,000	1,568,798	1,100,000	-	15,400	35,751	2,850,646
Changes during the year								
Additions	-	419,648	28,767	14,962	-	-	4,470	467,847
Amortisation for the year	1,519	30,000	415,607	121,122	-	-	22,112	590,360
Total changes	*(1,519)*	*389,648*	*(386,840)*	*(106,160)*	-	-	*(17,642)*	*(122,513)*
Balance at the end of the year								
Cost	10,061	580,280	3,034,439	1,214,962	228,459	15,400	118,422	5,202,023
Amortisation (Accumulated amortisation)	5,883	65,632	1,852,481	221,122	228,459	-	100,313	2,473,890
Carrying amount	4,178	514,648	1,181,958	993,840	-	15,400	18,109	2,728,133

They are analysed in detail below.

“Start-up and expansion costs” reflect the capitalisation of costs incurred by the Company during the previous year at the time of the merger to adjust to the new corporate structure.

"Development costs" include the capitalisation of costs incurred during the year in relation to the activities carried on by the Company for the development of new products and the implementation of improvements and innovative processes, carried out in the context of the activities of the technical and industrialisation offices.

“Industrial patent rights and intellectual property rights” principally include the value recognised by the Company of the patents and know-how relating to the production of clutches and braking systems for motorcycles.

“Concessions, licences, trademarks and similar rights” principally include trademarks registered by the Company as distinctive signs.

“Other intangible assets” relate to improvements and maintenance to leasehold properties.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9.

Tangible fixed assets

Tangible fixed assets including the related accumulated depreciation, amount to € 22,171,384 at 31/03/2022, given the writedowns made in previous years for a total of € 2,253,252; The related accumulated depreciation totals € 19,130,199 at 31/03/2022 , including the depreciation charge for the year of € 328,433.

The principal assets in this category comprise land and buildings (a net amount of € 1,911,333 at 31 March 2022), including the net carrying amount of portion of the industrial complex located in Rovereto (TN), and those of plant and machinery (booked with a net value of € 733,610 at 31/03/2022) used in the Company's production activities.

Movements in tangible fixed assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	1,553,253	9,075,223	8,994,683	1,045,182	-	20,668,341
Depreciation (Accumulated depreciation)	638,491	7,014,518	8,777,074	968,944	-	17,399,027
Writedowns	196,692	1,295,194	86,220	-	-	1,578,106
Carrying amount	718,070	765,511	131,389	76,238	-	1,691,208
Changes during the year						
Additions	37,713	77,038	26,200	5,170	261,000	407,121
Reclassifications (of the carrying amount)	1,257,424	17,576	-	-	-	1,275,000
Disposals (at carrying amount)	-	-	-	3,711	-	3,711
Depreciation for the year	101,874	126,515	48,461	51,583	-	328,433
Total changes	*1,193,263*	*(31,901)*	*(22,261)*	*(50,124)*	*261,000*	*1,349,977*
Balance at the end of the year						
Cost	4,893,926	9,227,063	9,020,883	1,021,764	261,000	24,424,636
Depreciation (Accumulated depreciation)	2,110,755	7,198,259	8,825,535	995,650	-	19,130,199
Writedowns	871,838	1,295,194	86,220	-	-	2,253,252
Carrying amount	1,911,333	733,610	109,128	26,114	261,000	3,041,185

The reclassifications include the net value of fixed assets that in the previous year had been reclassified as "Tangible fixed assets held for sale" following a preliminary sale agreement entered into by the Company in 2021; following the non-completion of the sale and taking into account the changed conditions and possibilities of use of the assets, which involved a portion of the industrial complex of Rovereto, they were restored to fixed assets and shown net of depreciation.

Assets under construction and advance payments amount to € 261,000 and include the advances paid to suppliers for the purchase of a test bench.

Finance leases

The Company is not party to any finance lease contracts at the balance sheet date.

Financial fixed assets

At 31/03/2022 financial fixed assets amount to € 320,022 and consist for € 22 of equity investments held in other companies and for € 320,000 of non-current receivables.

Changes in and maturity of non-current receivables

The following table shows the movements in financial fixed assets during the year.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year
Other receivables	800,000	(480,000)	320,000	320,000
Total	**800,000**	**(480,000)**	**320,000**	**320,000**

The receivables are due from AmFin Holding S.p.A., the previous shareholder, and are scheduled for collection over the period to November 2022.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Italian Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The inventories reported in the balance sheet at 31/03/2022 total € 1,257,707, net of an allowance amounting to € 1,482,961, set aside in previous years and inclusive of the adjustments for the year totalling € 398,676, in proportion of the valuation of the impact of the potential risks associated with obsolete and slow-moving items.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	483,656	39,124	522,780
Work in process and semi-finished products	92,783	207,062	299,845
Finished products and goods	224,039	211,043	435,082
Total	*800,478*	*457,229*	*1,257,707*

The increase in the net value of inventories is due to the rising trend in the Company's turnover, particularly in the latter part of the year, compared with the same period in 2020-21.

There are no inventories that have suffered reductions in their market value to below their book value because to Covid-19 or because of sales orders being cancelled; nor have such events taken place because of the conflict in Ukraine, as the Company's customers or suppliers are not directly involved in these areas.

Tangible fixed assets held for sale

The following table gives the information on changes in tangible fixed assets held for sale.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Tangible fixed assets held for sale	1,275,000	(1,275,000)	-
Total	*1,275,000*	*(1,275,000)*	-

This item, which refers to some of the Company's properties that were expected to be sold during the year on the basis of a preliminary sale contract signed in 2021. As the sale did not materialise, the assets were reclassified to tangible fixed assets.

Current receivables

The receivables booked to current assets amount to € 3,760,012 at 03/31/2022. They are shown at their estimated realisable value as application of the amortised cost or discounting methods would not have been suitable for providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	915,626	812,752	1,728,378	1,728,378	-
Receivables due from parent companies	40,522	(8,753)	31,769	31,769	-

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Tax receivables	456,099	(176,915)	279,184	279,184	-
Deferred tax assets	1,203,308	118,697	1,322,005	-	-
Other receivables	463,715	(65,039)	398,676	392,266	6,410
Total	**3,079,270**	**680,742**	**3,760,012**	**2,431,597**	**6,410**

Trade receivables (€ 1,728,378 at 31/03/2022) are shown at their estimated realisable value, given that application of the amortised cost method is inappropriate. They have increased compared with the previous year in line with the trend in sales during the latter part of the year. The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 61,968, which is unchanged since last year. With specific reference to the current healthcare emergency, it is confirmed that there are no particular credit collection issues.

The receivables due from parent companies (€ 31,769 at 31/03/2022) reflect the tax advance paid to Endurance Overseas S.r.l. during the year in the context of the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act (TUIR), to the extent that it exceeds the actual tax charge for the year.

The tax receivables (€ 279,184 at 31/03/2022) mainly consist of VAT credits versus the Italian tax authorities (€ 175,273), the tax credit for R&D activities pursuant to art. 1, paragraph 35, Law no. 190 of 23 December 2014 (€ 42,900), the tax credit (€ 17,000) relating to the conversion of the so-called Super-ACE (pursuant to Law Decree 73/2021, "Sostegni-bis") and, for the rest, to miscellaneous credits.

Deferred tax assets total € 1,322,005 at 31/03/2022 and mainly relate to used tax losses and the deferred deductibility of certain provisions and impairment adjustments. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts.

Other receivables (€ 398,676 at 31/03/2022) comprise various non-trade receivables including € 241,493 due from the Rovereto INPS treasury funds.

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the motorcycle and automotive sectors and that they have legal entities and factories located in several countries.

Note that trade receivables outstanding from counterparties of nationality other than Italian (in relation to the customer's company name) are, for EU counterparties, equal to € 692 thousand and for those that are non-EU, € 781 thousand.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 of the Italian Civil Code and after ensuring recoverability in the short term, as required by OIC 14, the Company has recorded under asset caption C.3.7) within “Current financial assets” the amount due from Endurance Overseas S.r.l., the company that manages the central treasury activities of the group.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Treasury management assets	-	929,876	929,876
Total	*-*	*929,876*	*929,876*

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	1,146,477	(585,524)	560,953
Cash on hand	1,357	(531)	826
Total	*1,147,834*	*(586,055)*	*561,779*

This item principally comprises the balance on bank current accounts at 31 March 2022.

The changes in cash and cash equivalents are analysed in the statement of cash flows.

Prepaid expenses and accrued income

The following table shows the changes in prepaid expenses and accrued income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Prepaid expenses	72,194	(21,616)	50,578
Total prepaid expenses and accrued income	**72,194**	**(21,616)**	**50,578**

Prepaid expenses mainly include the portions for future years relating to insurance costs and other costs.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of Art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholders' equity items

With reference to the year just ended, the table below sets out changes - with reference to the years ended 31/03/2021 and 31/03/2022 - in the components of shareholder's equity, as well as details of other reserves, if any.

As at 31/03/2021:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Other changes - Reclassi-fications	Result for the year	Balance at the end of the year
Capital	1,812,934	-	120,000	1,812,934	-	-	120,000
Share premium reserve	-	-	3,380,000	1,060,543	-	-	2,319,457
Legal reserve	7,402	-	-	7,402	-	-	-
Paid in for future capital increase	3,598,152	-	-	3,598,152	-	-	-
Retained earnings (accumulated losses)	(6,479,032)	(311,276)	-	(6,479,031)	(569,532)	-	(880,809)
Net income (loss) for the year	(311,276)	311,276	-	-	-	(1,225,231)	(1,225,231)

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Other changes - Reclassi-fications	Result for the year	Balance at the end of the year
Total	**(1,371,820)**	**-**	**3,500,000**	**-**	**(569,532)**	**(1,225,231)**	**333,417**

The items relating to "other changes" included both the effects of the corporate transactions concerning the coverage of losses that had entirely eroded the share capital and the simultaneous reconstitution of the same (deed of April 14, 2020, drawn up by Notary Agostini in Milan, rep. 83234 and file no. 16710) through a capital increase operated by the shareholder Endurance Overseas S.r.l., as well as the effects of the aforementioned merger by incorporation (with recognition of connecte merger surplus pertaining to Adler RE S.r.l.).

As at 31/03/2022:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	120,000	-	720,000	-	840,000
Share premium reserve	2,319,457	-	1,280,000	-	3,599,457
Retained earnings (accumulated losses)	(880,809)	(1,225,231)	1	-	(2,106,039)
Net income (loss) for the year	(1,225,231)	1,225,231	-	167,869	167,869
Total	**333,417**	**-**	**2,000,001**	**167,869**	**2,501,287**

Note that on 26 May 2021 the Shareholders' Meeting approved an increase in capital of € 2,000,000, of which € 720,000 as share capital and € 1,280,000 as share premium reserve, by deed drawn up by Notary Agostini in Milan, rep 84786-17517. This recapitalisation was carried out as part of the ongoing process of corporate restructuring following the acquisition by the Endurance Group.

The share capital, which consists of 840,000 shares with a par value of € 1.00 each, is fully subscribed and paid.

Availability and use of shareholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	840,000	Capital		-
Share premium reserve	3,599,457	Capital	A; B; C	3,599,547
Retained earnings (accumulated losses)	(2,106,039)	Revenue	A; B; C	-
Total	**2,333,418**			**3,599,547**
Amount not distributable				-
Residual amount distributable				3,599,547
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The non-distributable portion of the share premium reserve relates to the presence of losses carried forward, capitalised development costs that have not been fully amortised and, lastly, deferred tax assets that are also treated as unrealised assets.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Other provisions	844,109	383,045	(383,045)	461,064
Total	**844,109**	**383,045**	**(383,045)**	**461,064**

Other provisions

This item refers to potential liabilities of various nature (trade, tax, employment, etc.). The utilisations were to cover labour law risks in the context of the corporate reorganisation after the Company joined the Endurance Group.

Employee termination indemnities

Employee termination indemnities amount to € 254,747 at 31 March 2022 (€ 414,568 al 31 March 2021). The changes during the year are summarised below

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for amployee termination indemnities	414,568	15,321	175,142	(159,821)	254,747
Total	**414,568**	**15,321**	**175,142**	**(159,821)**	**254,747**

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded in the period are related to advances paid to employees on termination of employment. The amount shown in the financial statements (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable, which are illustrated in the other change column. The significant reduction in the provision for severance indemnities is attributable to utilisations for staff departures, mainly to implement the mobility plan agreed with the social partners.

Payables

Payables total € 5,906,114 at 31/03/2022.

Pursuant to art. 12, para. 2 of Legislative Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 January 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Advances	419,966	91,323	511,289	511,289	-
Trade payables	1,047,948	334,544	1,382,492	1,382,492	-
Due to parent companies	5,236,056	(2,144,678)	3,091,378	91,378	3,000,000
Payables due to fellow subsidiaries	-	1,688	1,688	1,688	-
Taxation payable	114,483	51,486	165,969	165,969	-

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to pension and social security institutions	407,383	(22,361)	385,022	385,022	-
Other payables	476,031	(107,755)	368,276	268,276	100,000
Total	**7,701,867**	**(1,795,753)**	**5,906,114**	**2,806,114**	**3,100,000**

Advances of € 511,289 at 31/03/2022 refer to amounts due from customers for the realisation of orders.

Trade payables, € 1,308,757 at 03/31/2022, show an increase of € 260,809 during the year, which is consistent with the increase in business volumes discussed previously.

Payables due to the parent company, € 3,165,113 at 03/31/2022, include the value of the loan from Endurance Overseas Srl (€ 3,000,000 due beyond 12 months) granted during the previous year to allow the Company to implement its own restructuring plan, as well as the additional trade payables for the services provided by the direct parent company (€ 62,361) and interest on the loans received from Endurance Overseas Srl (€ 14,173) and trade payables to the indirect parent company Endurance Technologies Limited (€ 73,735). The decrease refers for € 2,000,000 to the conversion of part of the receivables claimed by the parent company Endurance Overseas Srl in the context of the increase in capital recorded during the year.

Payables due to fellow subsidiaries refer to outstanding relationships with Endurance S.p.A.

Tax payables, € 165,969 at 03/31/2022, refer for € 42,806 to the balance of IRAP for the year, € 84,467 to withholdings due on the services of employees and self-employed workers, and for the rest to other tax liabilities.

Other payables include payables to employees for salaries and accruals to be paid (€ 262,863), as well as, for the portion due beyond the year, guarantee deposits received from third parties.

There have not been any changes in the amount or conditions of payment of payables, nor breaches of contractual clauses related to the COVID-19 pandemic, nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from shareholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	43,045	12,105	55,150
Deferred income	2,379,648	1,091,282	3,470,930
Total accrued expenses and deferred income	**2,422,693**	**1,103,387**	**3,526,080**

Accrued expenses refer to costs pertaining to the year but for which payment will be made in future years.

Deferred income relates to revenues from the licences to use patents and know-how granted to the current immediate parent company, Endurance Overseas S.r.l., in the years and in the year under exam prior to the change of control. This income, fully taxed and deferred, is being recognised as revenue over the residual economic life of the concession.

Explanatory notes, income statement

The income statement reports the results for the year. This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and bonuses, as well as the taxes directly connected to them.

Increases in non-current assets from in-house production are recognised on the basis of production cost which includes direct costs (material and direct labour, design costs, external supplies, etc.) and production overheads, for the portion reasonably attributable to the asset for the period of its manufacture until the asset is ready for use; using the same criteria, any charges relating to the financing of its manufacture are added.

Operating grants, which are recognised on an accrual basis in the year in which their receipt becomes certain, are included in line item A5 given that they supplement operating revenue and/or are deducted from operating costs.

The value of production during 2021-22 is analysed below on a comparative basis:

Description	FY 31.03.2022	FY 31.03.2021	Change
1) Revenues from sales of goods and services	7,545,713	6,852,972	692,741
2) Change in inventories of work in progress, semi-finished and finished products	418,105	(199,604)	617,709
4) Increases in non-current assets from in-house production	419,648	-	419,648
5) Other income and revenues	166,297	562,569	(396,272)
Total	**8,549,763**	**7,215,937**	**1,333,826**

During the year there was an increase in revenues compared with the previous year, in relation to the increase in business volumes and higher income deriving from the licensing agreements signed with the parent company Endurance Overseas Srl.

The Increases in non-current assets from in-house production include the capitalisation of costs (payroll costs in particular) incurred by the Company as part of its R&D activities during the year for the development of new products and the implementation of process innovations in the current production situation.

Other income and revenues refer to:

- the operating grants relating, for € 72,000, to the transformation of the so-called “super ACE” pursuant to art. 19 of Decree Law of 25 May 2021, no. 73, converted, with modifications, by Law 23 July 2021, no. 106 and for € 42,900

to credits for R&D and innovation costs (pursuant to art 1, paragraphs 198 - 209 of Law no. 160 of 27 December 2019);
- miscellaneous revenues of € 51,397.

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year.

Description	FY 31.03.2022	FY 31.03.2021	% Change
Cost of raw and ancillary materials, consumables and goods for resale	3,007,632	1,701,810	1,305,822
Cost of services	2,531,690	2,318,235	213,455
Lease and rental charges	101,288	112,454	(11,166)
Payroll costs			
Wages and salaries	1,165,111	1,210,401	(45,290)
Social contributions	428,582	438,196	(9,614)
Employee termination indemnities	93,768	106,295	(12,527)
Other costs	43,006	61,833	(18,827)
Amortisation of intangible assets	590,360	811,344	(220,984)
Depreciation of tangible fixed assets	328,433	386,812	(58,379)
Other writedowns of fixed assets		245,905	(245,905)
Change in inventory of raw and ancillary materials, consumables and goods	(39,124)	705,746	(744,870)
Other accruals	-	300,000	(300,000)
Other operating expenses	144,976	125,205	19,771
Total	**8,395,722**	**8,524,236**	**(128,514)**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

These items, which together are in line as a percentage of the value of production compared with last year (64% versus 65.5%), have risen, in line with turnover and the increase in the cost of raw materials and energy due to the persistence of the pandemic and interruptions of international supply chains, aggravated towards the end of the financial year by the outbreak of war between Russia and Ukraine.

Payroll costs

This item (which decreased during the year compared with the previous one as a result of the flexibility initiatives implemented to cope with the reduction in sales volumes and due to the continuation of the Company's restructuring when it joined the Endurance Group) includes all of the costs related to employees, including bonuses, promotions, the cost of unused holidays and the various provisions required by law and collective labour agreements. It also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to income statement line B7.

Lease and rental charges

This item mainly includes the rental of operating facilities used by the Company, as well as rental charges for cars and other pieces of equipment. The reduction seen during the year mainly relates to a revision of the conditions for certain contracts.

Depreciation and amortisation

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. Note the reduction (which can also be seen in the impact on the value of production) of the item relating to the depreciation and amortisation of tangible and intangible fixed assets compared with the previous year, as a result in particular of certain incremental depreciation applied in the previous year in relation to the change of useful life in line with the criteria applied by the Group, also in relation to the use of the assets in the context of production orders, as well as the actual technical obsolescence of the assets. In the previous year a write-down was also recorded for the industrial complex of Rovereto, the value of which has been realigned to market value

Other operating expenses and Other provision

This item (which includes, among others, penalties charged to customers, local taxes and in general non-recurring costs not related to the core business) saw a reduction compared with the previous year, which was characterised by certain provisions for handling the reorganisation of the Company's operating structures following its entry into the Endurance Group.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial charges (€ 39,100) include the interest expense owed to the parent company Endurance Overseas S.r.l. for €18,382 and other interest and bank charges for the rest.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues, other positive components or costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

Note that starting from the financial year under review, the Company joined the group taxation regime pursuant to art. 117-129 of the TUIR (tax code), together with its parent company Endurance Overseas Srl.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	2021-22	2020-21
Income taxes	**(61,047)**	**(199,800)**
Current taxation		
of which: IRES for the year (current)		-
of which: IRAP for the year (current)	42,806	-
Net change in deferred taxation	(118,697)	(199,800)
income (charges) from tax consolidation	(14,844)	-

The charge for joining the tax consolidation highlights the effect of the Company's adhesion to the Group taxation regime.

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	1,470,004	595,857
Total taxable temporary differences	1,842,845	1,762,791

	IRES Tax	IRAP Tax
Net temporary differences	372,841	1,166,934
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(1,126,624)	(76,684)
Deferred tax liability (assets) of the year	(91,482)	(27,215)
Provision for deferred tax liability (assets) at the end of the year	(1,218,106)	(103,899)

The balance of deferred tax assets and liabilities shown in the table reflects the reversal of deferred tax assets recognised in prior years and the current year recognition of new deferred tax assets and liabilities.

For IRES purposes, the principal temporary differences affecting deferred taxation relate to the recognition of tax losses, provisions and impairment adjustments, while reversals mainly relate to the release of deferred licence revenues that, for tax purposes, were taxed in full in the year in which the licence was granted.

For IRAP purposes, the principal temporary differences relate to the provisions and impairment adjustments recorded during the year, while the reversals were influenced by the release of deferred licence revenues that, for tax purposes, were taxed in full in the year in which the licence was granted.

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages.

	Executives	White collar	Blue collar	Total employees
Average number	1	16	20	37

The workforce at 31 March 2022 (consisting solely of Company employees) comprises 35 persons.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 of the Italian Civil Code, with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	211,495	15,600

Fees of the independent auditor or firm of auditors

As required by art. 2427 of the Italian Civil Code, the following table analyses the total fees earned by the independent auditor (or firm of auditors) for the independent audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or of auditors

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or of auditors
Amount	12,600	1,050	13,650

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

Transactions were carried out with related parties during the year; these transactions were entered into on an arm's length basis and, accordingly, in accordance with current legislation, no additional disclosure has been provided.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

In the first few months of subsequent year, despite the persistence of the Covid-19 pandemic, the Company did not suffer any impacts of an exceptional nature and continued its activity in compliance with the regulations then in force to contain infection and the spread of the virus.

The conflict in Ukraine, still ongoing after the end of the year, constitutes a strong element of uncertainty as it is impossible to foresee the outcomes and consequences of this crisis on the fate of the world economy and on the Automotive industry. At present, taking into account the actions that have been taken, we believe that the effects of the conflict, despite being heavily penalising (especially because of the hike in the prices of energy commodities and raw materials), will not be such as to jeopardise the Company's business continuity, also because the Company does not have direct relationships with customers and suppliers in the countries affected by the conflict.

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no other events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

We can confirm that the company is not party to any financial derivatives.

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management control and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.
The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2021 was 86,099 (82.8985 on 31 March 2020) - (source Thomson Reuters/RBI):

Balance sheet	At 31/03/2021	At 31/03/2020
Assets		
Non-current assets		
Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Assets held for sale	-	-
Total Assets	**34,376.47**	**29,828.67**

Balance sheet	At 31/03/2021	At 31/03/2020
Liabilities and shareholders' equity		
Shareholders' equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84

Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and shareholders' equity	**34,376.47**	**29,828.67**

Income Statement	At 31/03/2021	At 31/03/2020
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	-
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

The report on operations describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.
Furthermore, it should be noted that the following types of subsidies were granted/recognised, but did not result in the disbursement of funds during the year:

- € 72,000 deriving from the transformation into a tax credit accrued for the so-called "super ACE" pursuant to art. 19 of Decree Law 73 of 25 May 2021, converted, with modifications, by Law 106 of 23 July 2021.
- benefits recorded in relation to the accrual of tax credits for R&D and innovation expenses under art. 1, paragraphs 198-209 of Law no. 160 of 27 December 2019 (impact on the income statement for a total of € 42,900, not yet subject to offsetting with taxes for the year).

Proposed allocation of profits

Shareholders,
In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 167,869 to retained earnings.

Explanatory notes, closing section

Shareholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31/03/2022, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the books of account.

Rovereto, 16 May 2022

For the Board of Directors

Giuseppe Lisciani

ENDURANCE ADLER SPA

Head office: VIA DI VITTORIO, 20/22 - ROVERETO (TN)
Trento Companies Register
Trento Chamber of Commerce and Tax Code No. 00106120223
Trento Business Register (REA) no.TN 53464
Share capital: € 840,000.00 subscribed and fully paid
VAT Number: 00106120223

Report of the Board of Statutory Auditors

Financial statements at 31/03/2022

Shareholders, Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the independent audit was assigned to Deloitte & Touche S.p.a. by the Shareholders' Meeting of 16/04/2020. Accordingly, this report only explains the supervisory work that we performed in accordance with the law.

Report to the Shareholder's Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended 31/03/2022, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2022

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the independent auditors and, with reference to those meetings, no significant information or data emerged that should be disclosed in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code;

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Supervisory activities pursuant to art. 2403 onwards of the Civil Code

The draft financial statements for the year ended 31/03/2022, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- balance sheet
- income statement
- statement of cash flows
- explanatory notes

The result for the year is net income of € 167,869, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022	FY 2021	Difference
FIXED ASSETS	6,089,340	5,341,878	747,462
CURRENT ASSETS	6,509,374	6,302,582	206,792
PREPAID EXPENSES AND ACCRUED INCOME	50,578	72,194	(21,616)
TOTAL ASSETS	12,649,292	11,716,654	932,638

Description	FY 2022	FY 2021	Difference
SHAREHOLDERS' EQUITY	2,501,287	333,417	2,167,870
PROVISION FOR RISKS AND CHARGES	461,064	844,109	(383,045)
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	254,747	414,568	(159,821)
PAYABLES	5,906,114	7,701,867	(1,795,753)
ACCRUED EXPENSES AND DEFERRED INCOME	3,526,080	2,422,693	1,103,387
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,649,292	11,716,654	932,638

Income Statement

Description	FY 2022	FY 2021	Difference
VALUE OF PRODUCTION	8,549,763	7,215,937	1,333,826
REVENUES FROM SALES OF GOODS AND SERVICES	7,545,713	6,852,972	692,741
PRODUCTION COST	8,395,722	8,524,236	(128,514)
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	154,041	(1,308,299)	1,462,340
RESULT BEFORE TAXES (A-B+-C+-D)	106,822	(1,425,031)	1,531,853
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	(61,047)	(199,800)	138,753
PROFIT (LOSS) FOR THE YEAR	167,869	(1,225,231)	1,393,100

We have examined the draft financial statements for the year ended 31/03/2022, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- The accounting policies used in preparing the financial statements at 31/03/2022 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- Pursuant to art. 2426, paragraph 5 of the Italian Civil Code, we acknowledge that, with our consent, development costs have been recognised in balance sheet assets and we have verified that they met the recognition criteria of ascertainable future economic benefits;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at 31/03/2022 do not contain any amounts representing goodwill under intangible assets.

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2022, as shown in the financial statements, is positive for € 167,869.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

Conclusion

Considering the results of the work performed by the independent auditors, as explained in their unqualified audit report, issued without any emphasis of matter on 17/05/2022, we unanimously believe that there are no impediments to approval at the Shareholder's Meeting of the draft annual financial statements at 31/03/2022, as prepared and presented by the Directors.

Milan, 18/05/2022

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Endurance Adler S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Adler S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Adler S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Adler S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Adler S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Adler S.p.A. as at March 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 17, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

General information on the company

Company data

Name:	VEICOLI SRL
Registered office:	VIA DELL'ARSENALE, 33 TURIN (TO)
Quota capital:	500,000.00
Quota capital fully paid in:	yes
Turin Chamber of Commerce:	
VAT Number:	11225130019
Tax code:	11225130019
REA Number:	1197428
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	62.01
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination activities:	no
Name of the company or entity that exercises management control and coordination activities:	
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2022

Condensed balance sheet

	31/03/2022	31/12/2021
Assets		
B) Fixed assets		
I - Intangible assets	56,237	65,944
II - Tangible assets	9,061	10,078
Total fixed assets (B)	*65,298*	*76,022*
C) Current assets		
I - Inventories	7,067	5,267
II - Receivables	167,988	200,495
due within one year	167,988	200,495

	31/03/2022	31/12/2021
III - Current financial assets	1,819,524	-
IV - Cash and cash equivalents	134,185	1,898,733
Total current assets (C)	*2,128,764*	*2,104,495*
D) Prepaid expenses and accrued income	**10,153**	**5,562**
Total assets	*2,204,215*	*2,186,079*
Liabilities and quotaholders' equity		
A) Quotaholders' equity		
I - Quota capital	500,000	500,000
II - Share premium reserve	49,929	49,929
IV - Legal reserve	100	100
VI - Other reserves	1,332,651	1,332,651
VIII - Retained earnings (accumulated losses)	(98,505)	999
IX - Net income (loss) for the year	16,451	(99,503)
Total quotaholder's equity	*1,800,626*	*1,784,176*
B) Provision for risks and charges	**90,000**	**90,000**
C) Employee termination indemnities	**8,674**	**6,305**
D) Payables	**235,601**	**243,934**
due within one year	194,436	243,934
due beyond one year	41,165	-
E) Accrued expenses and deferred income	**69,314**	**61,664**
Total liabilities and quotaholders' equity	*2,204,215*	*2,186,079*

Condensed income statement

	31/03/2022	31/12/2021
A) Value of production		
1) revenues from sales of goods and services	154,179	536,795
2/3) change in inventory of work in process semi-finished and finished products and in contract work in progress	1,800	-
5) other income and revenues	-	-
operating grants	64,800	-
other	6,084	28,810
Total other income and revenues	*70,884*	*28,810*

	31/03/2022	31/12/2021
Total value of production	*226,863*	*565,605*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	7,419	91,166
7) services	78,445	328,335
8) lease and rental charges	2,548	-
9) payroll	-	-
a) wages and salaries	75,091	35,216
b) social contributions	18,912	6,289
c/d/e) employee termination indemnities, pensions, other payroll costs	2,586	2,547
c) employee termination indemnities	1,753	2,547
e) other costs	833	-
Total payroll costs	*96,589*	*44,052*
10) depreciation, amortisation and writedowns	-	-
a/b/c) amortisation of intangible assets, depreciation of tangible assets, other writedowns	14,578	57,710
a) amortisation of intangible assets	13,059	51,521
b) depreciation of tangible assets	1,519	6,189
Total depreciation, amortisation and writedowns	*14,578*	*57,710*
11) Change in inventory of raw and ancillary materials, consumables and goods	-	(5,267)
13) Other accruals	-	90,000
14) other operating expenses	5,950	30,153
Total cost of production	*205,529*	*636,149*
Difference between production value and cost (A - B)	**21,334**	**(70,544)**
C) Financial income and charges		
16) other financial income	-	-
b/c) income from short- or long-term securities that are not considered equity investments	1	1
Total other financial income	*1*	*1*
17) interest and other financial charges	-	-
other	176	947
Total interest and other financial charges	*176*	*947*
17-bis) exchange gains and losses	(12)	(233)
Total financial income and charges (15+16-17+-17-bis)	*(187)*	*(1,179)*
Result before taxes (A-B+-C+-D)	**21,147**	**(71,723)**
20) Income taxes for the year, current and deferred		

	31/03/2022	31/12/2021
current taxation	4,244	27,780
taxation relating to prior years	452	-
Total income taxes for the year, current and deferred	*4,696*	*27,780*
21) Net income (loss) for the year	**16,451**	**(99,503)**

Explanatory notes, first part

Quotaholders,

These explanatory notes are an integral part of the financial statements for the year ended 31/03/2022.

The financial statements have been prepared in a condensed format, since the limits set by Art. 2435-bis of the Italian Civil Code have not been exceeded for two consecutive financial years.

The financial statements comply with the requirements of article 2423 onwards of the Italian Civil Code and with Italian accounting standards published by the OIC (Italian Accounting Board); they have thus been prepared clearly and give a true and fair view of the company's financial position and results of operations.

The content of the balance sheet and the income statement is that required by articles 2424 and 2425 of the Civil Code.

The explanatory notes, which have been prepared in accordance with Art. 2427 of the Civil Code, contain all the information needed for a correct interpretation of the financial statements.

This document will also provide the information required by points 3 and 4 of art. 2428 of the Civil Code, given that a directors' report on operations has not been drawn up as permitted by art. 2435-bis of the Civil Code.

The financial statements as at 31/03/2022 show net income for the year of € 16,451.

On 12 November 2021, Endurance Overseas Srl - a company belonging to the Endurance Technologies Ltd Group, India - took control of 100% of the company's capital, becoming its sole quotaholder. As a result, the company became part of the Endurance Group.

By deed of 21 December 2021 authenticated by Notary Agostini-Chibbaro, rep no. 85544 and rec. 17959, the Quotaholders' Meeting resolved to change reference date of the financial year, which will last from 1 April to 31 March of the following year. This change was approved in order to align the closing date of the financial statements with that of the other companies of the Endurance Group.

It should therefore be noted that the figures for the year ended 31/03/2022 shown in these financial statements are not comparable with those of the previous financial year, shown solely for information purposes. They are not comparable because the two financial periods have a different duration. FY 2022 is for a 3-month period from 01/01/2022 to 31/03/2022, whereas the prior year income statement figures are for a 12-month period from 01/01/2021 - 31/12/2021).

Preparation of the financial statements

The information contained in the present document is presented following the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of Art. 2423 of the Italian Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

The financial statements, as well as these explanatory notes, have been prepared in Euro.

Basis of preparation

The items in the financial statements are measured in accordance with the prudence and materiality concepts on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis of the Italian Civil Code, items are recognised and presented having regard to the substance of the transaction or contract concerned. In preparing the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure, and only profits that have been realised by the year end have been included. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Each component of every asset and liability caption is measured separately, in order to prevent any gains in one area from offsetting losses in another.

In cases where offsetting is permitted by law, the gross amounts to be offset are indicated in the notes.

Preparation of the financial statements

The balance sheet, income statement and the accounting disclosures contained in these notes agree with the books of account from which they have been taken directly.

In the presentation of the balance sheet and income statement, the items preceded by Arabic numerals have not been grouped, which is optional under Art. 2423 ter of the Italian Civil Code.

Pursuant to art. 2424 of the Civil Code, we can confirm that no asset or liability items have been allocated to more than one balance sheet line.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Matters of comparability and adaptation

As mentioned in the introduction, we would remind you that the income statement figures for the period ended 31/03/2022 as shown in these financial statements are not comparable with those of the previous year, shown for information purposes, as FY 2022 refers to a period of three months, from 01/01/2022 to 31/03/2022, whereas the previous year's figures refer to an accounting period of twelve months from 01/01/2021 to 31/12/2021.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

The book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight line basis
Development costs	5 years on a straight line basis

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible assets are depreciated systematically each year. The depreciation rates applied are summarised in the following table:

Tangible asset items	Depreciation rate
Sundry and minor equipment	20.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	20.00%
Motor cars	20.00%
Assets costing less than € 516.46	100.00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month after the one in which they become available and ready for use in the year of acquisition.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (tangible and intangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to quotaholder's equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the state of completion of the production process, that is, the cost of production.
- Finished products: manufacturing cost.
- Dies for resale: purchase cost.
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any writedown cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in shareholders' equity (under the “Reserve for cash flow hedges”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII “Cash flow hedging reserve”) in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;
b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Income taxes

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as “deferred tax assets” and among the provisions for risks and charges as “deferred tax liabilities”.

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

Movements in individual balance sheet items are analysed below, according to current law.

Fixed assets

Movements in fixed assets

This paragraph of the notes analyses the movements in intangible, tangible and financial fixed assets.

Intangible assets

	Start-up and expansion costs	Development costs	Total intangible assets
Balance at the beginning of the year			
Cost	33,676	164,995	198,671
Amortisation (Accumulated amortisation)	33,676	99,051	132,727
Carrying amount	-	65,944	65,944
Changes during the year			
Additions	-	3,352	3,352
Amortisation for the year	-	13,059	13,059
Total changes	-	*(9,707)*	*(9,707)*
Balance at the end of the year			
Cost	33,676	168,347	202,023
Amortisation (Accumulated amortisation)	33,676	112,110	145,786
Carrying amount	-	56,237	56,237

The value of the intangible assets recorded in these financial statements, net of accumulated amortisation, refer to research and development expenses incurred for the development of the know-how and IT products designed by the Company (for a net carrying amount of € 56,237 at 31/03/2022).

Tangible fixed assets

	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at the beginning of the year			
Cost	2,635	32,773	35,408
Depreciation (Accumulated depreciation)	790	24,540	25,330
Carrying amount	1,845	8,233	10,078
Changes during the year			
Additions	-	502	502
Depreciation for the year	132	1,387	1,519
Total changes	*(132)*	*(885)*	*(1,017)*
Balance at the end of the year			

Cost	2,635	33,275	35,910
Carrying amount	1,713	7,348	9,061

Finance leases

The Company is not party to any finance lease contracts at the balance sheet date.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Italian Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The following table shows the changes in inventories

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Inventories (finished products and goods)	5,267	1,800	7,067
Total	**5,267**	**1,800**	**7,067**

Current receivables

The receivables shown under current assets have been measured at their estimated realisable value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

They are made up of the following sub-items, which have seen the following changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	178,613	(78,127)	100,486	100,486	-
Tax receivables	6,882	58,222	65,104	65,104	-
Other receivables	-	2,398	2,398	2,398	-
Total	**185,495**	**(17,507)**	**167,988**	**167,988**	**-**

There have not been any changes in the amount or conditions of payment of receivables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Current financial assets

Movements in current financial assets

The movements in current financial assets are analysed in the following table

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Current financial assets	-	1,819,524	1,819,524
Total	**-**	**1,819,524**	**1,819,524**

Pursuant to article 2423-ter, paragraph 3 of the Italian Civil Code, and having verified the short-term due dates as foreseen in OIC 14, the Company recorded the receivable from Endurance Overseas Srl, the company that manages the Group's cash pooling system on the basis of an agreement that the Company signed during the year, under item C.3. "Current financial assets".

Cash and cash equivalents

Cash and cash equivalents are carried at their face value corresponding to the cash balance at the end of the year and the credit balances on bank current accounts. The following table shows the changes that took place during the year:

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	1,898,635	(1,764,548)	134,087
Cash on hand	98	-	98
Total	**1,898,733**	**(1,764,548)**	**134,185**

Prepaid expenses and accrued income

This item (which amounts to € 10,153) includes portions of revenues pertaining to the current year, which will be received in subsequent years.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

Movements in individual balance sheet items are analysed below, according to current law

Quotaholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

The following table summarises the changes in quotaholders' equity in the comparative year (01/01/2021 - 31/12/2021):

Description	Balance at the beginning of the year	Allocation of the prior year result	Other changes - Increase in capital	Result for the year	Balance at the end of the year
Capital	471	-	499,529	-	500,000
Share premium reserve	49,929	-	-	-	49,929
Legal reserve	100	-	-	-	100
Extraordinary reserve	32,180	-	-	-	32,180
Other reserves	-	-	1,300,471	-	1,300,471
Retained earnings (accumulated losses)	-	999	-	-	999
Net income (loss) for the year	999	(999)	-	(99,503)	(99,503)
Total	**83,679**	**-**	**1,800,000**	**99,503**	**1,784,176**

During the previous year, as part of the process of recapitalisation and reorganisation after the Company joined the Endurance Group, the sole quotaholder Endurance Overseas Srl carried out an increase in capital for a total of € 1,800,000.

The following table summarises the changes in quotaholders' equity during the year in question (01/01/2022 - 31/12/2022):

	Balance at the beginning of the year	Allocation of the prior year result	Other changes - Roundings	Result for the year	Balance at the end of the year
Capital	500,000	-	-	-	500,000
Share premium reserve	49,929	-	-	-	49,929
Legal reserve	100	-	-	-	100
Extraordinary reserve	32,180	-	-	-	32,180
Other reserves	1,300,471	-	-	-	1,300,471
Retained earnings (accumulated losses)	999	(99,503)	(2)	-	(98,505)
Net income (loss) for the year	(99,503)	99,503	-	16,451	16,451
Total	**1,784,176**	**-**	**(2)**	**16,451**	**1,800,626**

Availability and use of quotaholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	500,000	Capital	-	-
Revaluation reserves	49,929	Capital	A, B	-
Legal reserve	100	Revenue	B	-
Extraordinary reserve	32,180	Revenue	A, B, C	32,180
Other reserves	1,300,471	Capital	A, B	-
Retained earnings (accumulated losses)	(98,505)	Revenue	A, B, C	(98,505)
Total	1,784,175			(66,325)
Amount not distributable				156,137
Residual amount distributable				(222,462)
Key: A: for increase in capital; B: to cover losses; C: for distribution to the quotaholders; D: for other statutory requirements; E: other				

The non-distributable portion of the reserves refers to the amount that still has to be transferred to the legal reserve to reach one fifth of the quota capital pursuant to Article 2431 of the Italian Civil Code, as well as the R&D costs included in intangible assets that still have to be amortised.

Provisions for risks and charges

The provisions for risks and charges were recognised in accordance with the instructions contained in accounting principle OIC 31, the related provisions are charged to the income statement in the year to which they refer. The provisions (which amount to € 90,000) were set aside during the previous year to cover certain risks, while there were no changes during the current year.

Employee termination indemnities

The following table analyses the change in employee severance indemnities that took place during the year.

	Balance at the beginning of the year	Changes during the year - Provision	Other change during the year	Balance at the end of the year
Provision for employee termination indemnities	6,305	2,369	-	8,674
Total	**6,305**	**2,369**	**-**	**8,674**

The charge for the year (provision for employee termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund and the supplementary pension fund specified by each employee, where applicable.

Payables

Payables are shown in the financial statements at their face value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

The classification of payables in the various payable items is based on their nature (or origin) with respect to ordinary operations, regardless of the period of time within which the liabilities have to be extinguished.

The item in question is made up as follows:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	56,074	(2,945)	53,129	11,964	41,165
Trade payables	89,216	(23,230)	65,986	65,986	-
Taxation payable	73,202	(25,337)	47,865	47,865	-
Due to pension and social security institutions	3,634	11,597	15,231	15,231	-
Other payables	6,808	46,582	53,390	53,390	-
Total	**228,934**	**6,667**	**235,601**	**194,436**	**41,165**

The amounts due to banks refer to loan agreements entered into with Unicredit and Banca d'Alba, based on the following characteristics:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2022	Within one year	Beyond one year
Unicredit	30,000	08/03/2021 - 6	30,000	-	30,000
Banca Alba	56,000	27/02/2019 - 5	23,129	11,964	11,165
Amortised cost adjustment	-	-	-	-	-
Total	**86,000**		**53,129**	**11,964**	**41,165**

Taxation payable mainly refers to VAT for € 22,657 and current taxes for € 26,871.

Other payables include amounts due to employees for salaries and accruals to be paid (€ 52,918).

There have not been any changes in the amount or conditions of payment of payables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Debt secured by collateral on company assets

In accordance with art. 2427, paragraph 1, no. 6 of the Civil Code, we can confirm that there are no payables with a duration of more than five years nor payables secured by liens on company assets.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	61,664	7,650	69,314
Total accrued expenses and deferred income	**61,664**	**7,650**	**69,314**

Deferred income (€ 69,314) is of various kinds, mainly commercial, and the deferral of grants pertaining to future years.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and bonuses, as well as the taxes directly connected to them.

Revenues from the provision of services are recognised when the service is rendered, i.e. when the service has been performed; in the case of services being provided on a continuous basis, the revenues are recognised for the portion that has accrued.

As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter.

Revenues are recorded in the financial statements on an accrual basis, detailed as follows:

Description	FY 2021-22	FY 2020-21	Change
1) Revenues from sales of goods and services	154,179	536,795	(382,616)

2) Change in inventories of work in progress, semi-finished and finished products	1,800	-	1,800
3) Change in contract work in progress	-	-	-
4) Increases in non-current assets from in-house production	-	-	-
5) Other income and revenues			-
Operating grants	64,800	-	64,800
Other	6,084	28,810	(22,726)
Total	**226,863**	**565,605**	**(338,742)**

Note, in addition to other income, realisation of the benefits linked to exercising the faculty introduced by art. 19 of Decree Law 73 of 25 May 2021, converted with modifications by Law 106 of 23 July 2021, for the conversion of the so-called Super-ACE into a tax credit (€ 64,800).

Cost of production

In accordance with the matching principle, costs and charges are recognised on an accruals basis by type of expenditure; they are stated net of returns, allowances, discounts and rebates and classified in the respective captions pursuant to OIC 12. As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter. In the case of the purchase of services, the costs are recorded when the service has been received, or when provision of the service has been completed; if the services are provided on a continuous basis, the costs are recorded for the amount accrued

Below is the detail of the costs for the year with comparative figures for the period 01/01/2021 - 31/12/2021 (which are not comparable because of the different lengths of the two periods):

Description	FY 2021-22	FY 2020-21	Change
Cost of raw and ancillary materials, consumables and goods for resale	7,419	91,166	(83,747)
Cost of services	78,445	328,335	(249,890)
Lease and rental charges	2,548	-	2,548
Payroll costs			-
Wages and salaries	75,091	35,216	39,875
Social contributions	18,912	6,289	12,623
Employee termination indemnities	1,753	2,547	(794)
Other costs	833	-	833
Amortisation of intangible assets	13,059	51,521	(38,462)
Depreciation of tangible fixed assets	1,519	6,189	(4,670)
Writedown of receivables included in current assets	-	-	-
Change in inventory of raw and ancillary materials, consumables and goods	-	(5,267)	5,267
Provisions for risks	-	90,000	(90,000)
Other operating expenses	5,950	30,153	(24,203)
Total	**205,529**	**636,149**	**(430,620)**

Financial income and charges

Financial income and charges (for net charges of € 176) are recognised on an accruals basis in relation to the portion accrued during the year.

There are also € 12 of charges relating to exchange differences realised during the period.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues, other positive components or costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. Current taxes refer to taxes for the year as shown in the Company's tax returns; taxation relating to prior years includes direct taxes from previous years, as well as interest and penalties and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment with respect to the provision set aside in previous years. Lastly, deferred tax liabilities and assets involve positive or negative elements of income, respectively, subject to taxation or deduction in years other than those of the statutory accounts.

Taxation relating to prior years

No provision has been made in the income statement for deferred tax assets or liabilities, as it is believed that the temporary differences between the theoretical tax charge and the actual tax charge are of an immaterial amount compared with total taxable income.

The composition of current taxation for the year is shown in the following table:

	FY 2021-22	FY 2020-21
Income taxes	**4,696**	**27,780**
Current taxation		
of which: IRES for the year (current)	3,797	22,434
of which: IRAP for the year (current)	447	5,346
of which: Taxation relating to prior years	452	-
Deferred taxation	-	-

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages.

	Executives	White collar	Blue collar	Total employees
Average number	-	3	-	3

The workforce at 31 March 2022 comprises 3 people.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about related-party transactions

Certain related party transactions were entered into during the year; these transactions were entered into on an arm's length basis and, accordingly, in accordance with current legislation, no additional disclosure has been provided.

Information about significant events arising subsequent to the reporting date

In the first few months of the subsequent year, despite the persistence of the Covid-19 pandemic, the Company did not suffer any impacts of an exceptional nature and continued its activity in compliance with the regulations then in force to contain infection and the spread of the virus.

The conflict in Ukraine, still ongoing after the end of the year, constitutes a strong element of uncertainty as it is impossible to foresee the outcomes and consequences of this crisis on the fate of the world economy and on the Automotive industry. At present, taking into account the actions that have been taken, we believe that the effects of the conflict, despite being heavily penalising (especially because of the hike in the prices of energy commodities and raw materials), will not be such as to jeopardise the Company's business continuity, also because the Company does not have direct relationships with customers and suppliers in the countries affected by the conflict.

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no other events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (TO)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (TO) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management control and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire quota capital of the Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2021 was 86,099 (82.8985 on 31 March 2020) - (source Thomson Reuters/RBI):

Balance sheet	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Assets		
Non-current assets		
Fixed assets, net	14,871.19	15,396.06
Investments and other non-current assets	4,041.15	4,826.73
Current assets	15,464.13	9,605.88
Assets held for sale	-	-
Total assets	**34,376.47**	**29,828.67**

Balance sheet	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Liabilities and shareholders' equity		
Quotaholders' equity	**27,082.57**	**23,167.64**
Non-current liabilities		
Non-current financial liabilities	27.27	42.84
Other non-current liabilities	300.35	339.39
Current liabilities		
Current financial liabilities	5,991.54	5,643.49
Other current liabilities	974.74	635.31
Total liabilities and quotaholders' equity	**34,376.47**	**29,828.67**

Income Statement	Financial statements at 31/03/2021	Financial statements at 31/03/2020
Revenues	**47,865.83**	**49,747.57**
Operating costs	40,414.48	41,962.53
Depreciation and amortisation	2,034.15	1,992.48
Financial charges	47.97	108.15
Non-recurring income/(expense)	(112.25)	-
Income before tax	**5,256.98**	**5,684.41**
Taxation for the year (current and deferred)	1,334.99	1,407.49
Income (loss) for the year	**3,921.99**	**4,276.92**
OCI - Other comprehensive income	(7.06)	(43.44)
Total statement of comprehensive income	**3,914.93**	**4,233.48**

Information relating to start-ups, including those with a social vocation, and innovative SMEs

As regards the information required by art. 4 of Legislative Decree no. 3 of 24 January 2015 about research, development and innovation costs, the Company's expenditure on research, development and innovation was higher than 3% of its total value of production. The Company is also the holder of the rights to an original computer program registered in the special public register for computer programs; this patent is directly related to the corporate purpose and business activity.

Information pursuant to art. 1, paragraph 125, of Law no. 124 of 4 August 2017

In relation to the provisions of art. 1, paragraph 125-bis, of Law no. 124/2017, regarding the obligation to disclose in the notes any sums of money received during the year by way of grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and free of consideration, remuneration or compensation of any kind, by public administrations and by the subjects referred to in paragraph 125-bis of the same article, the Company can confirm that it has obtained the right to a tax credit of € 64,800, against electronic presentation to the Revenue Agency of the communication for the use of the ACE tax credit, which took place on 28/01/2022 and accepted by the Revenue Agency which issued a receipt dated 07/02/2022.

The tax credit can be used in the manner provided for by Protocol no. 238235/2021 of the director of the Revenue Agency; it has not yet had any effect on cash flows during the year under review.

Proposed allocation of profits or coverage of losses

Quotaholders,

In light of the above, the Board of Directors proposes to allocate the net income for the year, equal to € 16,451, to cover the loss of the previous year.

Explanatory notes, closing section

We confirm that these financial statements, which comprise the balance sheet, income statement and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31/03/2022, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the books of account.

Turin, 16/05/2022

The Chairman of the Board of Directors

Alessio Tirone

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Quotaholder of
Veicoli S.r.l.

Opinion

We have audited the financial statements of Veicoli S.r.l. (the "Company"), prepared in condensed format pursuant to Article 2435-bis of the Italian Civil Code, which comprise the balance sheet as at March 31, 2022 and the statement of income for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2022 and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to the information provided by the Directors in the "First Part" section of the explanatory notes, where they indicate that, with resolution dated December 21, 2021, the Quotaholders' Meeting approved the change in the reference date of the financial year, setting the duration from April 1 to March 31 of the following year. This change was implemented in order to align the balance sheet date with that of the other companies of the Endurance Group. Consequently, the Company prepared the financial statements for the 3 months period from January 1, 2022 to March 31, 2022, whose figures are therefore not comparable with those of the prior period ended December 31, 2021 (referring to a 12 months period from January 1, 2021 to December 31, 2021).

Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 17, 2022

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

ENDURANCE
Complete Solutions

REGISTERED OFFICE

E-92, MIDC Industrial Area, Waluj, Aurangabad 431136, Maharashtra, India.
Tel.: +91-240-2569600 | E-mail: investors@endurance.co.in

www.endurancegroup.com

Concept, Content & Design
WYATT Prism
COMMUNICATIONS
(info@wyatt.co.in)