assiteca consultative broker

Consolidated Financial Statements at 30 June 2021

Drawn up in accordance with IAS/IFRS international accounting standards

Share capital euro 7,617,193.51 fully paid-up - Registered office in Milan, Via G. Sigieri 14
Company Register no. 09743130156 - RUI registration no. B000114899
XL YEAR

CORPORATE POSITIONS

BOARD OF DIRECTORS

Chairman
Luciano Lucca
Deputy Chairman
Filippo Binasco
Chief Executive Officer
Gabriele Giacoma
Chief Executive Officer
Alessio Dufour
Chief Executive Officer
Nicola Girelli
Chief Executive Officer
Carlo Orlandi
Independent Director
Jody Vender
Director
Emanuele Cordero di Vonzo
Director
Carlo Vigliano
Director
Sylvain Florent Quernè
Director
Roberto Quagliuolo
Director
Luca Bucelli
Independent Director
Ignazio Rocco di Torrepadula

BOARD OF STATUTORY AUDITORS

Chairman
Michele Pirotta
Standing Auditor
Nicoletta Morrione
Standing Auditor
Luigi Garavaglia

INDEPENDENT AUDITORS

Baker Tilly Revisa S.p.A. - Milan

REPORT ON OPERATIONS FOR THE YEAR ENDED 30 JUNE 2021

NEW ASSITECA BRAND

This is the sign
of those who believe in the future

The role that the brand plays for a company today is the result of the marked change in the scenario that we have experienced in recent years. Companies, products and services today must be able to express personality and embody a complex system of values.

ASSITECA is the most important Italian Group in the management of business risks and insurance brokerage. This is the result of an internal vision focused on dynamism and the achievement of objectives, in compliance with the business ethics that place customers at the centre of every decision-making process.

Over the years, our logo has accompanied the growth of ASSITECA, illustrating its founding principles: independence, professionalism, transparency, efficiency and innovation.

Since 2017, the 'Consultative Broker' pay-off has branded its strategic identity, with the transition from pure brokerage to the offer of professional services for integrated risk management.

The rebranding project has, therefore, considered the centrality of our Group in the market as a starting point, thanks to work carried out on precise variables: visual strength, synthesis, distinction, sustainability.

Our intention, as we approach our 40th anniversary, is to provide our company with a logo that best represents the identity values and the forward-looking view that characterises us.

The new brand represents a significant change that confirms to what extent the company is set to always look far ahead and invest in the future.

ASSITECA S.P.A. OPERATIONS

ASSITECA S.p.A. is the Group's operating holding company operating in the insurance brokerage market.
Since 2014 the Group has been the largest Italian group in insurance brokerage and one of the main operators in the market.

The insurance brokerage activities of ASSITECA are aimed at creating value for customers by assisting companies in the integrated management of business risks.
ASSITECA adopts an innovative approach to corporate risk management through a working methodology that integrates analysis, consulting and brokerage. Our approach starts from the mapping of business risks, identifying the main critical areas and priorities for action, and then designing the optimal risk management structure, supporting the customer in the process of prevention, mitigation and protection.
Our consulting activity's mission is to be a reliable Business Partner for our customers, supporting them in every organisational growth route to reach their desired targets in the various business areas.

ASSITECA is a leader in the middle market sector (companies with a turnover of more than Euro 2.5 million account for more than 70% of the Group's revenues).

In the interest of and on behalf of its customers, the Group interfaces with most of the leading global insurance groups and with all major national insurance companies, focusing mainly on the brokerage of non-life insurance policies.

ASSITECA operates in Italy through 19 offices across the country, in Spain with offices in Madrid and Barcelona and in Switzerland, in Lugano.
As a member of EOS RISQ, Lockton Global and Gallagher Global Network, ASSITECA guarantees its customers a presence in more than 100 countries worldwide as it is able to benefit from an established network of correspondent brokers and international partners.
The Group also carries out its activities through specialised divisions in relation to each of the different risk areas that characterise the insurance brokerage activity (Affinity & Small Business, Agriculture, Construction & Infrastructure, Trade Loans, Employee Benefits & Welfare, Renewable Energy, Public Entities, Financial Lines, Insurtech, International, Motor, Risk Consulting, Healthcare and Transport).
In terms of size, the Group now brokers insurance premiums worth around Euro 800 million.

The following table shows the growth in the value of brokered premiums from 2017 to 2021.

Year*	Brokered premiums**
2017	650,000
2018	680,000
2019	700,000
2020	750,000
2021	800,000

**Closed on 30 June*

*(**data expressed in thousands of euro)*

The market of insurance brokers

The following table summarises the main data relating to the insurance sector in Italy taken from the report of AIBA (Italian Insurance Brokers Association), highlighting the share managed by brokers, with details of that relating to the non-life sector.

BROKER MARKET

	2015	2016	2017	2018	2019	2020
No. of companies and sole proprietorships	2.351	2.463	2.359	2.347	2.392	2.287
Broker premiums	16,29	16,64	15,00	15,95	15,38	15,40
Total premiums	157,60	144,14	141,50	145,00	149,90	143,00
broker market %	10,3%	11,5%	10,6%	11,0%	10,3%	10,8%

of which

NON-LIFE BUSINESS

	2015	2016	2017	2018	2019	2020
Broker premiums	14,66	14,98	13,47	14,3	13,8	13,9
Total premiums	36,92	36,53	37,08	38,00	39,00	38,40
broker market %	39,7%	41,0%	36,3%	37,8%	35,4%	36,2%

(Monetary data in millions of euro)

The number of market operators is obtained from the RUI based on the entities actually active; furthermore, the data relating to sole proprietorships is estimated on the basis of the number of natural operational persons who do not have positions in brokerage firms. Therefore, 1,662 companies and 625 sole proprietorships are operational: the total is 2,287 companies active on the Italian market in the various forms permitted by statutory and commercial regulations.

Premiums in the Italian insurance market (Italian and foreign companies, including the operations of European companies in Italy) decreased in 2020 in both the life (-4.4%) and non-life segments (-1.8%), when compared to the previous year.
Non-life written premiums amounted to Euro 38.4 billion, compared to Euro 39 billion in 2019.

Premiums managed by Italian *brokers* in 2020 amounted to Euro 15.4 billion, of which Euro 13.9 billion in the Non-Life business, with an increasing market share of 36.2%. In reality, these figures are underestimated, as they do not take into account the share of premiums brokered through insurance agents.
In the publication *"We remove risks, we remain protected"* ANIA reviewed and estimated the percentage shares of brokers on the basis of the volume of premiums actually collected but channelled through agents. The growing role of brokers can be observed in particularly important areas: general civil liability (78.1%), motor (76.9%), other non-life classes (63.8%), property damage (59.8%).

There are 1,662 insurance brokerage companies in Italy, with a geographical distribution concentrated in the Centre-North.

COMMENTS ON THE MAIN ECONOMIC AND FINANCIAL DATA OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF ASSITECA S.p.A.

Dear Shareholders,
The financial year ended 30 June 2021 of ASSITECA S.p.A. shows the results summarised below.

The Consolidated Financial Statements show:

- Gross revenues of Euro 87.0 million (Euro 80.5 million at 30/06/2020, +8%);
- Net revenues of Euro 76.4 million (Euro 72.4 million at 30/06/2020, +5%);
- EBITDA of Euro 16.8 million (Euro 15.1 million at 30/06/2020, +11%);
- EBITDA Margin equal to 19.3% of gross revenues (18.8% in 2020) and 22% of net revenues (20.9% in 2020);
- EBIT of Euro 11.7 million (Euro 9.8 million at 30/06/2020, +19%);
- Net profit of Euro 6.6 million (Euro 5.5 million at 30/06/2020, +22%);
- The adjusted net financial position, including acquisition payables, amounted to Euro 24.5 million, with an improvement of Euro 0.5 million compared to the previous year (Euro 25 million).

The following results were achieved with regard to the **Financial Statements of the Parent Company ASSITECA S.p.A.**:

- Revenues of Euro 58.1 million (Euro 54.3 million at 30/06/2020, +7%);
- EBITDA of Euro 10.8 million (Euro 10.2 million at 30/06/2020, +6%);
- EBIT of Euro 6.7 million (Euro 6.5 million at 30/06/2020, +3%);
- Net profit of Euro 5.7 million (Euro 4.9 million at 30/06/2020, +16%).

SIGNIFICANT EVENTS IN THE 2020/21 FINANCIAL YEAR

COVID-19

The year was mainly characterised by actions aimed at addressing the Covid emergency, in terms of:

- protection of the health of personnel with the application of all protective measures, within the terms set forth in the Decree of the President of the Council of Ministers
- work organisation (smart working) aimed at ensuring continuity and efficiency in customer support
- optimisation of the Group's economic and financial resources aimed at maintaining profitability and sustainable growth standards.

ARENA BROKER MERGER

In July, the merger of Arena Broker into ASSITECA was completed.
This transaction is part of the integration policies of the acquired companies, with a view to obtaining synergies in both economic and commercial terms.

6SICURO MERGER

The merger of 6Sicuro SpA into ASSITECA was completed during the year.
This transaction also falls under the integration policies of the acquired companies, with particular reference to the support that this transaction will provide as part of the Group's digital transformation project.

M&A activities

With regard to M&A activities, two acquisitions were carried out during the year (one in Italy and one in Spain), described below.

PURCHASE OF BROSACOR

In July 2020, the Spanish subsidiary ASSITECA SA completed the purchase of 100% of Brosacor, a Madrid-based broker specialised in employee benefits. The company has a portfolio of approximately one million commissions and an EBITDA of approximately 0.4 million.
The merger was completed in December.

PURCHASE OF ING. GIULIO BASSI & C. SPA

In the second half of the year, all the shares of Ing. G. Bassi & C. SpA, a company based in Florence, were acquired.
The transaction strengthens Assiteca's position in Tuscany.

Other activities:

SUSTAINABILITY COMMITTEE

On 30 March 2021, the Board of Directors of ASSITECA, aware of the key role that sustainability plays in strategic development, established a Sustainability Committee with the responsibility of implementing the Group's sustainability guidelines and policies.

NEW BRAND

In May 2021 ASSITECA introduced its new logo: a significant change that confirms to what extent the company is set to always look far ahead and invest in the future.

SUSTAINABILITY REPORT

The 2020 Sustainability Report, which presents the growth and development of the ASSITECA Group in terms of economic, social and environmental performance, was published in June. Available online at https://report-sostenibilita.assiteca.it/, the Report defines the operational, environmental and social objectives to be achieved for the development of an increasingly responsible business, capable of creating value for all stakeholders.

ASSITECA AND THE MARKET

The brokerage market in Italy has always been characterised by a strong concentration among a few large players of the brokered volumes, which has now been reduced to four companies (ASSITECA, Willis, Aon and Marsh).

The objective of ASSITECA is to continue in this polarisation trend through the company's M&A activities, also in consideration of the role of large national aggregator that the Italian broker market now recognises in ASSITECA.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021

The main economic, financial and equity data are shown below, starting with the consolidated financial statements.

INCOME STATEMENT

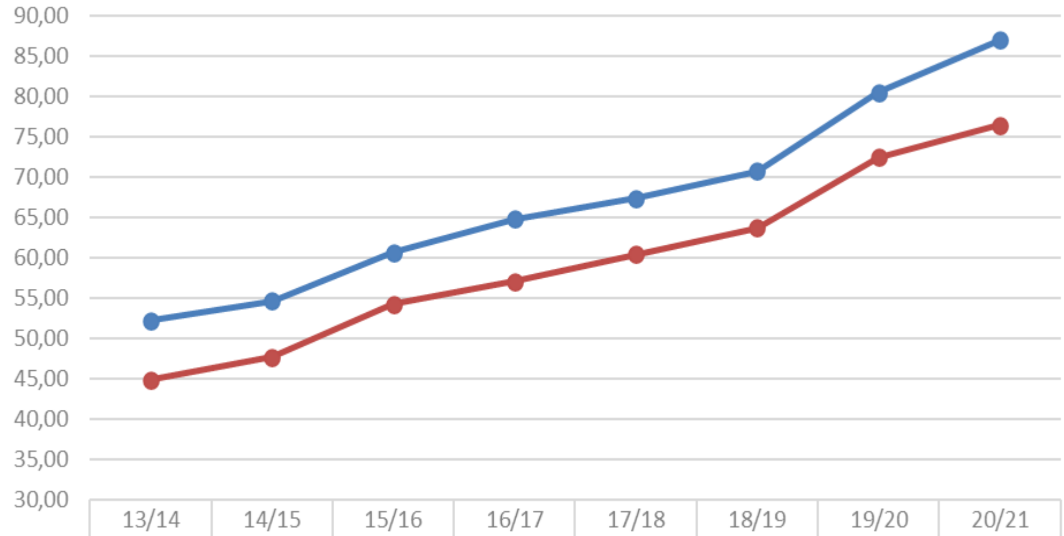
(amounts in €/000)		30/06/2021	30/06/2020	Change
Gross Revenues		**86.960**	**80.518**	**6.442**
	Commission expense	0	0	
Net Revenues		**86.960**	**80.518**	**6.442**
	Total operating costs	(70.137)	(65.381)	
EBITDA		**16.823**	**15.137**	**1.686**
	as a % of gross revenues	*19,3%*	*18,8%*	
	as a % of net revenues	*19,3%*	*18,8%*	
	Amortisation, depreciation and write-downs	(5.078)	(5.304)	
EBIT		**11.745**	**9.833**	**1.912**
	Financial income and charges	(725)	(654)	
	Income (charges) IAS 16, 17 and 19	(470)	(361)	
	Non-recurring income (charges)	(378)	(292)	
	Income taxes	(2.702)	(2.662)	
Overall result		**7.470**	**5.864**	**1.606**
	Profit (loss) for the year relating to minority interests	835	406	
Profit (loss) for the year		**6.635**	**5.458**	**1.177**

REVENUE GROWTH

Consolidated revenues at 30 June 2021 grew by 8%, equally divided between M&A activities and internal growth.

The chart below shows the evolution of revenues in recent years.

TREND IN REVENUES



	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
gross revenues	52,23	54,63	60,69	64,78	67,36	70,75	80,52	86,96
net revenues	44,85	47,66	54,29	57,05	60,41	63,70	72,42	76,39

EBITDA

The growth in revenues was accompanied by an increase in operating profit of approximately Euro 1.7 million. EBITDA amounted to Euro 16.8 million, further improving the incidence both on gross revenues (19.3% compared to 18.8% in 2020) and especially on net revenues (22% compared to 20.9% in 2020).

NET FINANCIAL POSITION

The net financial position shows an improvement of Euro 0.5 million compared to the previous financial year. The following table summarises the data at 30 June 2021.

GROUP NET FINANCIAL POSITION

(amounts in €/000)	30/06/2021	30/06/2020	Change
Financial liabilities due within 12 months	(6.653)	(14.604)	7.951
Current financial payables for Right of use and Leases (IFRS 16 and 17)	(3.327)	(3.499)	172
Short-term financial payables for acquisitions	(304)	(221)	(83)
Receipts in transit	4.088	3.160	928
Cash and cash equivalents	21.029	8.689	12.340
Short-term financial position	**14.833**	**(6.475)**	**21.308**
			0
Financial liabilities due after 12 months	(33.261)	(10.061)	(23.200)
Non-current financial payables for Right of use and Leases (IFRS 16 and 17)	(6.057)	(8.422)	2.365
M/L-term financial position	**(39.318)**	**(18.483)**	**(20.835)**
Total net financial position	**(24.485)**	**(24.958)**	**473**

NFP/EBITDA	**1,46**	**1,65**
NFP/EQUITIY	**0,43**	**0,47**

(*) At 30 June 2021, the short-term net financial position includes receipts of Euro 4.09 million relating to premiums earned in the current year, for which customers had made a payment at 30 June 2021 and credited to the company's current accounts as from 1 July 2021.

As better illustrated in the cash flow statement, the main financial changes are summarised below:

Opening net financial position	**(25.0)**
dividends paid	*(3.5)*
acquisitions	*(9.8)*
IAS/IFRS change	*2.4*
financial charges	*(1.2)*
cash flow absorbed by investing/financing transactions	***(12.1)***
cash flow generated by current operations	***12.6***
total cash flow	***0.5***
Closing net financial position	***(24.5)***

Total indebtedness, including acquisition payables, was 0.43 times the equity (0.47 at 30 June 2020) and 1.46 times EBITDA (1.65 at 30 June 2020).

On 30 June 2020 a new pool loan was signed, replacing the previous one that had expired, in order to provide the company with the necessary resources to further support growth through acquisitions.

The new pool, for a total value of Euro 70 million, included 4 lines: a revolving line to support working capital (Euro 10 million), a line dedicated to guarantees envisaged by the insurance code (up to Euro 15 million), and unsecured line (Euro 10 million) and a new Capex line dedicated to new acquisitions, usable by 31 December 2021, for an amount of Euro 35 million, of which Euro 27 million have been used to date.

CONSOLIDATED CASH FLOW STATEMENT

(amounts in €/000)		30/06/2021	30/06/2020
Cash and cash equivalents		8.689	6.870
Initial balance of cash and cash equivalents	**A**	**8.689**	**6.870**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit (loss) for the year		7.470	5.864
Amortisation/Depreciation of fixed assets		4.678	4.902
Net change in provisions for personnel costs		741	892
Actuarial difference		(75)	2.432
Change in deferred tax assets		106	(230)
Reversal of financial income and charges		1.195	1.015
Cash flow from operating activities before changes in working capital		**14.115**	**14.875**
CHANGES IN CURRENT ASSETS AND LIABILITIES:			
(Increase) decrease in trade and other receivables		384	(1.026)
Increase (decrease) in trade and other payables		(632)	4.241
(Increase) decrease in other assets		2.014	(3.218)
Increase (decrease) in tax liabilities		(668)	298
Increase (decrease) in other liabilities		(8.123)	(4.440)
Total changes in current assets and liabilities		**(7.025)**	**(4.145)**
(Increase) decrease in non-current tax receivables		110	(61)
Increase (decrease) in other non-current liabilities		0	8.093
Increase (decrease) in financial liabilities beyond 12 months		20.818	(2.619)
Net financial charges		(1.195)	(1.015)
Cash flow generated (absorbed) by operating activities	**B**	**26.823**	**15.128**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (investments) disposals of property, plant and equipment		(1.545)	(15.649)
Net (investments) disposals of intangible assets		(9.792)	(18.640)
(Investments) disposals of other financial assets		299	1.997
Cash flow generated (absorbed) by investing activities	**C**	**(11.038)**	**(32.292)**
Cash flows from financing activities/share capital increase		199	23.937
Effects of changes in scope of consolidation (financial)		(157)	660
Distribution of dividends		(3.487)	(3.236)
Cash flow generated (absorbed) by financing activities	**D**	**(3.445)**	**21.361**
Cash flows generated (absorbed) during the year	**E = B + C + D**	**12.340**	**4.197**
Final balance of cash and cash equivalents	**A + E**	**21.029**	**11.067**

ECONOMIC PERFORMANCE OF ASSITECA S.P.A.

A summary of the income statement is provided below to comment on the result of the Parent Company.

RECLASSIFIED INCOME STATEMENT OF ASSITECA S.P.A.

(amounts in €/000)		30/06/2021	30/06/2020	Variazione
Gross Revenues		**58.137**	**54.329**	**3.808**
	Commission expense	(5.314)	(4.991)	
Net Revenues		**52.823**	**49.338**	**3.485**
	Total operating costs	(42.008)	(39.099)	
EBITDA		**10.815**	**10.239**	**576**
	as a % of gross revenues	*18,6%*	*18,8%*	
	as a % of net revenues	*20,5%*	*20,8%*	
	Amortisation, depreciation and write-dow	(4.167)	(3.786)	
EBIT		**6.648**	**6.453**	**195**
	Financial income and charges	425	364	
	Non-recurring income (charges)	(374)	(167)	
	Income taxes	(995)	(1.740)	
Overall result		**5.704**	**4.910**	**794**

As regards the Parent Company, the following should be noted.

- Revenues increased by 7%.
- EBITDA improved by 6%.
- Financial operations showed a slight improvement.
- The write-down of the investment relates to Assiteca Sim (4.2% held), placed in liquidation in the current year, whose carrying amount has been aligned to the corresponding portion of the company's equity.
- This resulted in an increase in net profit of Euro 0.8 million.

RELATIONS WITH SUBSIDIARY AND ASSOCIATED COMPANIES

The structure of the Group at the end of the reporting period is shown in the following table.

ASSITECA S.p.A.

- A&B Insurance and Reinsurance S.r.l. (100%)
- ASSITECA Agricoltura S.r.l. (100%)
- ASSITECA Consulting S.r.l. (100%)
- ASSITECA BSA S.r.l. (100%)
- ASSITECA SA España (100%)
- Ing. G. Bassi S.p.A. (100%)
- AST S.r.l. (100%) *
- Assita S.p.A. (80%)
- ASSITECA S A Lugano (52%)
- Artigian Broker S.r.l. (50%)

* unconsolidated company

The table below shows the economic and financial transactions with these companies, all of which are governed by market conditions.

RECEIVABLES FROM ASSOCIATED COMPANIES AND SUBSIDIARIES

Receivables from associated and subsidiary companies at 30 June 2021 are broken down as follows:

(amounts in euro)	30/06/2021	30/06/2020
Intercompany current account	5.669.100	11.255.618
Receivables from subsidiaries	4.612.362	2.966.340
TOTAL RECEIVABLES FROM SUBSIDIARIES ASSOCIATED COMPANIES	**10.281.462**	**14.221.958**

The company has a cash pooling contract with its subsidiaries. The breakdown of the balance by company is as follows:

(amounts in euro)	30/06/2021
ASSITECA CONSULTING SRL	1.054.581
A&B iNSURANCE AND REINSURANCE SRL	772.002
ASSITECA AGRICOLTURA SRL	1.040.887
ASSITECA S.A. (Espana)	2.801.629
TOTAL CASH POOLING ACCOUNT	**5.669.099**

The breakdown of receivables from subsidiaries for invoices to be issued and other receivables is summarised in the table below:

(amounts in euro)	30/06/2021
A&B iNSURANCE AND REINSURANCE SRL	250.000
ASSITECA AGRICOLTURA SRL	3.000.000
ASSITECA BSA SRL	1.299.994
ASSITECA SA	60.174
TOTAL RECEIVABLES FROM SUBSIDIARIES	**4.610.168**

PAYABLES TO ASSOCIATED COMPANIES AND SUBSIDIARIES

(amounts in euro)	30/06/2021	30/06/2020
Intercompany current account	8.118.777	10.335.704
Payables to subsidiaries	0	80.312
TOTAL PAYABLES TO SUBSIDIARIES AND ASSOCIATED COMPANIES	**8.118.777**	**10.416.016**

The company has a cash pooling contract and an intra-group current account with its subsidiaries. The breakdown of the debit balance due by company is as follows:

(amounts in euro)	30/06/2021
ASSITECA BSA SRL	5.324.367
SOCOUPA SA	2.255.409
ING. G. BASSI Spa	539.000
TOTAL CASH POOLING ACCOUNT	**8.118.776**

TRANSACTIONS WITH RELATED PARTIES

This paragraph describes the relationships between the companies of the ASSITECA Group, as defined by IAS 24 and Consob Regulation no. 17221/2010 and subsequent amendments and additions, in the financial years ended 30 June 2021 and 30 June 2020, highlighting their impact on the income statement and balance sheet.
Transactions with related parties, as well as those of a financial nature (as mentioned above), are of a commercial nature and are carried out under normal market conditions.
The following table shows details by type of cost/income relating to transactions between ASSITECA S.p.A. and related parties in the year ended 30 June 2021.

30/06/2021

(amounts in euro)	ASSITECA CONSULTING SRL	A&B INSURANCE AND REINSURANCE SRL	ASSITECA AGRICOLTURA SRL	ARENA BROKER SRL	ASSITECA BSA SRL	ASSITA SRL	ARTIGIAN BROKER SRL	6SICURO SPA	SOCOUPA SA	ASSITECA S.A. (Espana)
COSTS FOR ASSITECA S.p.A.										
Commission expense	0	249.958	5.238	0	358.335	0	45.845	0	0	0
Consulting services	1.392.483	506.927	0	0	0	0	0	0	0	0
REVENUES TO ASSITECA S.p.A.										
Commission income	0	250.000	1.395.390	0	1.430.363	0	0	0	0	0
Other revenues	0	0	35.432	0	16.905	56.600	0	0	0	0
Interest income	43.900	33.466	53.466	0	0	0	0	384	0	126.652
Dividends	0	0	0	0	750.000	0	500.000	0	151.974	0

The following table shows details by type of cost/income relating to transactions between ASSITECA S.p.A. and related parties in the year ended 30 June 2020.

30/06/2020

(amounts in euro)	ASSITECA CONSULTING SRL	A&B INSURANCE AND REINSURANCE SRL	ASSITECA AGRICOLTURA SRL	ARENA BROKER SRL	ASSITECA BSA SRL	ASSITA SRL	ARTIGIAN BROKER SRL	6SICURO SPA	SOCOUPA SA	ASSITECA S.A. (Espana)
COSTS FOR ASSITECA S.p.A.										
Commission expense	0	325.000	8.465	0	675.614	270	123.066	0	0	0
Consulting services	1.275.855	780.620	0	0	0	0	0	0	0	0
REVENUES TO ASSITECA S.p.A.										
Commission income	0	0	1.452.099	0	1.322.305	0	1.063	0	0	0
Other revenues	0	0	72.604	0	23.400	30.000	500	100	0	0
Interest income	37.711	40.611	70.325	0	1.254	0	0	0	0	177.088
Dividends	80.000	0	0	200.000	450.000	0	250.000	0	0	0

Commitments and contingent liabilities

The only existing commitment consists of a bank guarantee of Euro 13,500,000, issued pursuant to Article 117, paragraph 3 *bis* of the Insurance Code.

Atypical and/or unusual and significant non-recurring transactions

No positions or transactions deriving from atypical and/or unusual transactions were reported, as defined by Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM 6064293 of 28/07/2006.

Capital management

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

ASSITECA S.p.A. manages the capital structure and changes in accordance with changes in economic conditions and objectives of its strategic plans.

Additional information from IFRS 7

The rules in IFRS 7 shall be applied by all entities to all financial instruments. Paragraph IN4 of the introduction specifies that IFRS 7 applies to all companies with few financial instruments, but the extent of the information required depends on the extent to which the company uses the financial instruments and is exposed to risk.
The Company is a commercial company whose only financial instruments are receivables from customers and payables to suppliers.
The Company has no commitments, guarantees or risks outstanding at the end of the year.
In the course of its business, the Company is exposed to various financial risks, including in particular the market risk in its main components and the exchange rate risk associated with currency trading.
Financial risks are managed by the administrative department, which evaluates all major financial transactions and implements the related hedging policies.
The Company has taken out appropriate insurance policies covering the risk of loss of ownership, product risk and the risk of potential liabilities arising from business interruption following exceptional events. This coverage is reviewed annually.
The following information is intended to provide indications of the extent of the company's exposure to risks in addition to the information already contained in the report on operations:

a) Credit risk management: brokerage risk is related only to insurance premiums for which the Company declares coverage to the companies without having yet received the premium from the insured.
b) Liquidity risk management: the Company's financing requirements and cash flows are coordinated with the aim of ensuring effective and efficient management of financial resources within the framework of treasury management centralised at Group level. Cash outflows from current operations are substantially financed by cash inflows from ordinary activities. Liquidity risk may arise only in the event of investment decisions in excess of cash and cash equivalents that are not preceded by sufficient and readily available sources of appropriate funding.
c) Interest rate risk: the risk of fluctuations in interest rates over time is also closely related to liquidity risk. The Company takes steps to minimise the related cost, diversifying the sources of financing also in consideration of the rates applied and their variability over time. The medium/long-term loans in place are at variable rates. Short-term credit lines are at variable rate, with values that vary in the various forms of financing, and an average cost that in the 2020/2021 financial year was approximately 2.25%.
An upward fluctuation in market reference rates, which in the current international macroeconomic context is not probable, with the current structure of the Company's sources of financing could however have a negative effect on its economic performance.
d) Risk related to exchange rate fluctuations: the company has some premium income in dollars with consequent exposure to exchange rate risk. If the risk is evaluated as significant, specific forward purchase contracts for foreign currency are signed, in order to hedge against the risk of exchange rate fluctuations.

Exposure to external and operational risks

In carrying out its activities, the Company incurs risks deriving from external factors connected with the macroeconomic context or the sector in which it operates, as well as internal risks connected with the operational management of the same activity.

Risks arising from the macroeconomic recession

The unfavourable macroeconomic situation reduces the propensity to consume of customers, with the consequent risk of a reduction in revenues attributable to the reduction in volumes sold as well as to the reduction in commission expected in relation to the reduction in premiums for all variable-premium policies (typical example is the professional liability policy). This risk is mitigated by customer loyalty actions and by measures to rationalise production processes in terms of costs and product and service quality.

Risk of managing relations with the Authorities

Insurance brokerage activities are subject to administrative and legal regulatory constraints, in particular with reference to Personal Data Protection regulations and IVASS requirements. The Company is exposed to the risk of non-compliance with the rules set out in the Code for the Protection of Personal Data with regard to its end customers, which may lead to sanctions by the relevant Authority (Privacy Guarantor) and to the risk of non-compliance in the application of the information required by IVASS regulations. In the face of this risk, the Company has developed internal procedures to ensure that the processing of its end customers' data, both manually and electronically, always takes place in compliance with current legislation.

OTHER INFORMATION

Safety regulations

It is confirmed that the company has long since put in place all the necessary requirements to protect the workplace, according to the provisions of the legislation on the subject (Legislative Decree 81/2008 formerly Law 626/94).

Privacy Policy

Pursuant to Annex B, point 26, of Legislative Decree no. 196/2003, containing the Personal Data Protection Code, and pursuant to the European Regulation for the protection of personal data no. 2016/679 (GDPR), in force since 25 May 2018, the directors acknowledge that the company has adjusted the measures regarding the protection of personal data, in light of the provisions introduced by Legislative Decree no. 196/2003, according to the terms and conditions therein indicated.

Organisational Model Legislative Decree 231/2001

It is acknowledged that the company has adopted and updated the Organisational Model provided for by Legislative Decree 231/2001, the Code of Ethics and has appointed the Supervisory Body.

Legality rating

ASSITECA was awarded the Legality Rating.

The legality rating is an innovative tool, developed by the Antitrust Authority (AGCM) in agreement with the Ministries of Interior and Justice, introduced in 2012 in favour of Italian companies.

It is aimed at promoting and introducing principles of ethical conduct within the company, through the awarding of an award - measured in "stars" - indicative of respect for legality by companies that have applied for it and, more generally, of the degree of attention paid to the proper management of their business.

ASSITECA has been awarded two stars - the highest scores in the insurance industry - and is now one of the few insurance brokerage firms to have been awarded it.

* * *

The following table, prepared in accordance with Article 149-*duodecies* of the Consob Issuers' Regulations, shows the contractual fees for the year ended 30 June 2021 for the services provided by the independent auditors Baker Tilly Revisa S.p.A., the Board of Statutory Auditors (both including VAT) and the remuneration paid to the directors.

(amounts in euro)	2021
Directors' remuneration	1,951,126
Fees paid to statutory auditors	51,570
Remuneration to the independent auditors	139,732
Total	**2,142,428**

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

The following transactions took place after the reporting period.

PURCHASE OF THE ASSIDEA BUSINESS UNIT

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

APPOINTMENT OF SYLVAIN QUERNÉ

In July 2021, the Board of Directors of ASSITECA S.p.A. appointed Sylvain Querné, formerly Chief Executive Officer of 6sicuro S.p.A., as a co-opting director.

NEGOTIATIONS

ASSITECA is currently involved in 4 active advanced-stage acquisition negotiations equally divided between Italy and Spain, some of which are expected to be successfully concluded during the current financial year.

Draft resolution on the result for the year of ASSITECA S.p.A at 30 June 2021

Dear Shareholders,

On conclusion of our report, confident that you agree with the approach and criteria adopted in the preparation of the financial statements at 30 June 2021, we propose that you:

1. approve the financial statements of ASSITECA S.p.A. at 30 June 2021, which closed with a net profit of Euro 5,703,608;
2. allocate 5% to the legal reserve
3. allocate Euro 0.08 per share to be distributed as dividends
4. carry forward the residual amount.

For the Board of Directors
Chairman
Luciano Lucca

consultative broker

Consolidated Financial Statements at 30 June 2021

Drawn up in accordance with IAS/IFRS international accounting standards

STATEMENT OF FINANCIAL POSITION

(amounts in €/000)	30/06/2021	30/06/2020
ASSETS		
Intangible assets	67.725	58.546
Property, plant and equipment	10.827	13.347
Financial assets	1.240	1.539
Tax receivables (non-current)	177	287
Deferred tax assets	1.785	1.891
Non-current assets	**81.754**	**75.610**
Trade receivables and other trade assets	6.789	6.423
Tax receivables	559	1.309
Receivables from others	52.666	54.680
Cash and cash equivalents	21.029	8.689
Current assets	**81.043**	**71.101**
Assets	**162.797**	**146.711**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		
Capital issued	7.617	7.617
Share premium reserve	33.437	33.437
Other reserves	(1.442)	(524)
Undivided profit (loss)	10.276	6.933
Net profit (loss) for the year	6.635	5.458
Group shareholders' equity	**56.523**	**52.921**
Capital and reserves of minority interests	350	431
Profit attributable to minority interests	835	406
Minority interests	**1.185**	**837**
Total shareholders' equity	**57.708**	**53.758**
Liabilities for pensions and severance indemnities	15.783	15.042
Financial liabilities due after 12 months	39.318	18.500
Non-current liabilities	**55.101**	**33.542**
Short-term loans	9.980	18.103
Trade payables	3.974	3.804
Tax and social security payables	3.193	3.861
Other liabilities	32.841	33.643
Current liabilities	**49.988**	**59.411**
Liabilities	**162.797**	**146.711**

STATEMENT OF INCOME

(amounts in €/000)	30/06/2021	30/06/2020
Revenues	86.162	79.004
Other operating income	798	1.514
Total operating income	**86.960**	**80.518**
Costs for services	31.815	29.015
Costs for use of third party assets	928	1.248
Personnel costs	35.109	32.951
Other operating costs	2.285	2.167
Amortisation, depreciation and write-downs	5.078	5.304
Total operating costs	**75.215**	**70.685**
Operating result	**11.745**	**9.833**
Financial income and charges	(1.195)	(1.015)
Non-recurring income (charges)	(4)	(292)
Write-down of investments	(374)	0
Profit before taxes	**10.172**	**8.526**
Income taxes	2.702	2.662
Profit (loss) for the year	**7.470**	**5.864**
Profit (loss) for the year relating to minority interests	835	406
Group profit (loss)	6.635	5.458

STATEMENT OF OTHER COMPONENTS OF THE CONSOLIDATED COMPREHENSIVE INCOME STATEMENT (AS REQUIRED BY IAS 1)

(amounts in €/000)	30/06/2021	30/06/2020
Group profit (loss)	**6.635**	**5.458**
OTHER COMPONENTS OF COMPREHENSIVE INCOME		
Actuarial profits (losses) from defined benefit plans	(75)	54
Total other components of comprehensive income	**6.560**	**5.512**
Income taxes relating to other components of comprehensive income	18	(13)
Total other components of comprehensive income net of taxes	**6.578**	**5.499**
Total other components of comprehensive income attributable to minority interests		
Total comprehensive income for the year	**6.578**	**5.499**

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

(amounts in €/000)	30/06/2019	Allocation of result	Changes in scope of consolidation	Change from dividends distributed	Other changes	30/06/2020	Allocation of result	Changes in scope of consolidation	Change from dividends distributed	Share capital increase	Other changes	30/06/2021
Capital issued	5.832	0	0	0	1.785	7.617	0	0	0	0		7.617
Legal reserve	1.038	197	0	0	0	1.235	245	0	0	0	1	1.481
Share premium reserve	10.223	0	0	0	23.214	33.437	0	0	0	0		33.437
IAS reserve (first time adoption)	(187)	0	35	0	82	(70)	0	0	0	0		(70)
Remeasurement of defined benefit plans (IAS 19)	(2.378)	0	0	0	54	(2.324)	0	0	0	0	(75)	(2.399)
Other reserves	6.281	5.227	107	(3.236)	(811)	7.568	5.212	279	(2.987)	199	(449)	9.822
Net profit (loss) for the year	5.424	(5.424)	0	0	5.458	5.458	(5.458)	0	0	0	6.635	6.635
Group shareholders' equity	**26.233**	**0**	**142**	**(3.236)**	**29.782**	**52.921**	**(1)**	**279**	**(2.987)**	**199**	**6.112**	**56.523**
Capital and reserves of minority interests	392	0	31	0	8	431	405	14	(500)	0		350
Profit attributable to minority interests	258	0	0	0	148	406	(406)	0	0	0	835	835
Minority interests	**650**	**0**	**31**	**0**	**156**	**837**	**(1)**	**14**	**(500)**	**0**	**835**	**1.185**
Total shareholders' equity	**26.883**	**0**	**173**	**(3.236)**	**29.938**	**53.758**	**(2)**	**293**	**(3.487)**	**199**	**6.947**	**57.708**

CASH FLOW STATEMENT

(amounts in €/000)		30/06/2021	30/06/2020
Cash and cash equivalents		8.689	6.870
Initial balance of cash and cash equivalents	**A**	**8.689**	**6.870**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit (loss) for the year		7.470	5.864
Amortisation/Depreciation of fixed assets		4.678	4.902
Net change in provisions for personnel costs		741	892
Actuarial difference		(75)	2.432
Change in deferred tax assets		106	(230)
Reversal of financial income and charges		1.195	1.015
Cash flow from operating activities before changes in working capital		**14.115**	**14.875**
CHANGES IN CURRENT ASSETS AND LIABILITIES:			
(Increase) decrease in trade and other receivables		384	(1.026)
Increase (decrease) in trade and other payables		(632)	4.241
(Increase) decrease in other assets		2.014	(3.218)
Increase (decrease) in tax liabilities		(668)	298
Increase (decrease) in other liabilities		(8.123)	(4.440)
Total changes in current assets and liabilities		**(7.025)**	**(4.145)**
(Increase) decrease in non-current tax receivables		110	(61)
Increase (decrease) in other non-current liabilities		0	8.093
Increase (decrease) in financial liabilities beyond 12 months		20.818	(2.619)
Net financial charges		(1.195)	(1.015)
Cash flow generated (absorbed) by operating activities	**B**	**26.823**	**15.128**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (investments) disposals of property, plant and equipment		(1.545)	(15.649)
Net (investments) disposals of intangible assets		(9.792)	(18.640)
(Investments) disposals of other financial assets		299	1.997
Cash flow generated (absorbed) by investing activities	**C**	**(11.038)**	**(32.292)**
Cash flows from financing activities/share capital increase		199	23.937
Effects of changes in scope of consolidation (financial)		(157)	660
Distribution of dividends		(3.487)	(3.236)
Cash flow generated (absorbed) by financing activities	**D**	**(3.445)**	**21.361**
Cash flows generated (absorbed) during the year	**E=B+C+D**	**12.340**	**4.197**
Final balance of cash and cash equivalents	**A+E**	**21.029**	**11.067**

ASSITECA GROUP

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021

Drawn up in accordance with IAS/IFRS international accounting standards

GENERAL INFORMATION

ASSITECA is the largest Italian Group in the management of business risks and insurance brokerage.
Established in 1982 and listed on the Milan Stock Exchange since 2015, it now has over 700 employees.
The Group shareholders' equity is over Euro 55 million and its turnover at 30 June 2021 is approximately Euro 87 million.

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

The Group operates in 100 countries around the world thanks to international partnerships with EOS RISQ, Lockton Global and Gallagher Global Alliance, and has 19 offices in Italy, 2 in Spain (Barcelona and Madrid) and 1 in Switzerland (Lugano).
It has established specialised divisions with expertise in particular areas of risk: Affinity & Small Business, Agriculture, Construction & Infrastructure, Trade Loans, Employee Benefits & Welfare, Renewable Energy, Public Entities, Financial Lines, Insurtech, International, Motor, Risk Consulting, Healthcare and Transport.

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

DECLARATIONS OF CONFORMITY

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

FINANCIAL STATEMENTS STRUCTURE

The ASSITECA Group consolidated financial statements at 30 June 2021 for the financial year 1 July 2020 - 30 June 2021, consisting of the consolidated statement of financial position, the consolidated separate income statement, the consolidated cash flow statement and the explanatory notes (hereinafter the "consolidated financial statements") were approved by the Board of Directors of ASSITECA S.p.A. on 30 September 2021.
The financial statements are prepared in accordance with IAS 1 - Presentation of Financial Statements (revised).
The structure of the statement of financial position incorporates the classification between "current assets" and "non-current assets", while with reference to the income statement the classification by nature has been maintained, a form considered more representative than the presentation by destination (also called "cost of sales"). The cash flow statement was prepared using the indirect method.

Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of transactions with related parties on the assets and liabilities side of the statement of financial position and on the income statement are shown in the financial statements. Transactions with related parties are identified according to the extended definition provided by IAS 24, i.e. including relations with administrative and control bodies as well as with managers with strategic responsibilities.
The consolidated financial statements are prepared in thousands of euros. All amounts included in the tables in the notes below, unless indicated otherwise, are expressed in thousands of euro.

PREPARATION CRITERIA AND ACCOUNTING STANDARDS

The consolidated financial statements for the period 1 July 2020 - 30 June 2021 have been prepared in accordance with the IFRS adopted by the European Union and include the financial statements of ASSITECA S.p.A. and of the Italian and foreign companies over which the company has the right to exercise, directly or indirectly, control, determining their financial and operating decisions, and obtaining the relative benefits. For consolidation purposes, where the consolidated companies do not already prepare their individual financial statements in accordance with IFRS, the financial statements (for the Italian subsidiaries) and the accounting statements (for the foreign subsidiary) prepared in accordance with the valuation criteria set out in local regulations have been used, adjusted to bring them into line with IFRS.
The consolidated financial statements at 30 June 2021 have been prepared on a going concern basis.
The income statement data, changes in shareholders' equity and cash flows for the year ended 30 June 2021 are presented in comparative form with those for year closed at 30 June 2020.
Subsidiaries are consolidated on a line-by-line basis from the date on which control was actually transferred to the Group and cease to be consolidated from the date on which control was transferred.
The subsidiaries included in the scope of consolidation at 30 June 2021 are as follows:

(amounts in €/000)	% pertaining to the Group	Share capital/1000	Registered office
A & B Insurance and Reinsurance S.r.l.	100%	104	Milan
ASSITECA Consulting S.r.l.	100%	10	Milan
ASSITECA S.A.	100%	301	Madrid
Assita S.p.A.	80%	120	Milan
ASSITECA Agricoltura S.r.l.	100%	30	Verona
ASSITECA BSA S.r.l.	100%	49	Modena
Socoupa S.A.	100%	89	Neuchatel
Ing. G. Bassi S.p.A.	100%	104	Florence
ASSITECA S.A. - Lugano	52%	CHF 200	Lugano
ArtigianBroker S.r.l.	50%	100	Rome

The scope of consolidation at 30 June 2021 underwent some changes compared to 30 June 2020 due to the acquisition of 100% of Ing. G. Bassi S.p.A., the inclusion of the company Assiteca SA of Lugano (CH), 52% owned. As mentioned, the companies 6sicuro SPA and Arena Broker srl were merged into Assiteca SpA.
It should be noted that, in addition to the companies indicated above, there is the company A.S.T. S.r.l., with ASSITECA S.p.A. as sole shareholder, not included in the scope of consolidation as not significant.

ASSOCIATED COMPANIES

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

(amounts in €/000)	Book value	Direct investment
ASSITECA SIM S.p.A. in liquidation	30	4.2%
Total investments in associated companies	**30**	

There is also an investment in another company, with a book value of Euro 200 thousand, and an investment of 2.5% of the share capital, held through Artigianbroker.

CONSOLIDATION PRINCIPLES

In the preparation of the consolidated financial statements, the assets, liabilities, costs and revenues of the consolidated companies are included on a line-by-line basis, attributing to minority shareholders in specific items of the statement of financial position and income statement their portion of shareholders' equity and of the result for the period.
The book value of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of the subsidiaries, including any fair value adjustments, at the date of acquisition of the related assets and liabilities; any residual difference is allocated to goodwill.
All intra-group balances and transactions, including any unrealised profits arising from transactions between Group companies, are eliminated. Profits and losses realised with associated companies are eliminated for the part pertaining to the Group. Intra-group losses are eliminated except where they represent accumulated impairment losses.

CONVERSION OF FINANCIAL STATEMENTS IN CURRENCIES OTHER THAN THE EURO

The consolidated financial statements are presented in thousands of euros, which is also the functional currency in which all Group companies operate.

ACCOUNTING STANDARDS AND VALUATION CRITERIA OF REFERENCE

INTANGIBLE ASSETS

Intangible assets are non-monetary items, identifiable and without physical substance, controllable and capable of generating future economic benefits. These items are recorded at purchase and/or production cost, including directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses. The acquisition cost is the fair value of the price paid to acquire the asset plus all direct

costs incurred to prepare the asset for use. The acquisition cost is the cash price equivalent at the date of recognition, therefore, if payment of the price is deferred beyond normal credit terms, the difference with respect to the cash price equivalent is recognised as interest over the period of deferred payment. For internally generated intangible assets, the process of formation of the asset is divided into the two phases of research (not capitalised) and the subsequent phase of development (capitalised). If the two phases cannot be separated, the entire project is considered research. The financial charges incurred for the acquisition are never capitalised.
Intangible assets acquired through business combinations are recognised at fair value at the acquisition date.
Amortisation begins when the asset is available for use and is systematically allocated in relation to the residual possibility of use, i.e. based on its estimated useful life.
The book value of intangible assets is maintained in the financial statements to the extent that there is evidence that this value can be recovered through use or disposal. If there are signs that it may be difficult to recover the net book value, an impairment test is carried out.
The costs of software licenses are capitalised considering the costs incurred for the purchase and to make the software ready for use. These costs are amortised on a straight-line basis over the useful life of the software (5 years).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at purchase or production cost, including directly attributable incidental expenses, net of accumulated depreciation and impairment losses. The acquisition cost is the fair value of the price paid to acquire the asset plus any other direct cost incurred to prepare the asset for use. The acquisition cost is the cash price equivalent at the date of recognition, therefore, if payment of the price is deferred beyond normal credit terms, the difference with respect to the cash price equivalent is recognised as interest over the period of deferred payment. The financial charges incurred for the acquisition are never capitalised. The capitalisation of costs relating to the expansion, modernisation or improvement of structural elements owned or in use by third parties is carried out only to the extent that they meet the requirements to be classified separately as an asset or part of an asset. Ordinary maintenance costs are charged to the income statement. After initial recognition, property, plant and equipment are recorded at cost, net of accumulated depreciation and any impairment losses. The depreciable value of each significant component of a tangible asset with a different useful life is allocated on a straight-line basis over its expected useful life.

Depreciation is recognised from the moment in which the tangible asset is available for use or is potentially able to provide the economic benefits associated with it. Depreciation is calculated on a straight-line basis at rates considered representative of the useful life of the tangible asset. The depreciation criteria used, the useful lives and residual values are reviewed and redefined at least at the end of each administrative period to take account of any significant changes.
The book value of property, plant and equipment is maintained in the financial statements to the extent that there is evidence that this value can be recovered through use. If there are signs that it may be difficult to recover the net book value, an impairment test is carried out.
The depreciation rates applied are as follows:

- furniture and furnishings 12%

- office machinery 18%
- computers 20%
- telephone systems 15%;
- cars 25%;

For fixed assets purchased during the year, the above coefficients have been calculated at 50%.

LEASED ASSETS

Financial lease contracts, which substantially transfer to the Group all the risks and rewards deriving from the ownership of the leased asset, are capitalised on the starting date of the lease at the fair value of the leased asset or, if lower, at the present value of the lease payments. The instalments are divided pro rata between the principal and the interest in order to obtain the application of a constant interest rate on the outstanding balance of the debt. Financial charges are charged directly to the income statement.
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the duration of the lease contract, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the contract.
Operating lease instalments are recognised as costs in the income statement on a straight-line basis over the term of the contract.
The company has implemented all the changes required by IFRS 16 regarding operating leases.

INVESTMENTS

Investments in associates and other companies are recorded at cost, adjusted for accumulated impairment losses, determined based on an impairment test.

IMPAIRMENT OF ASSETS

An impairment loss arises whenever the carrying amount of an asset exceeds its recoverable amount. At each reporting date, any indicators suggesting the existence of impairment are assessed. In the presence of these indicators, the recoverable amount of the asset is estimated (impairment test) and any impairment loss is recognised. For assets not yet available for use, assets recognised in the current financial year, intangible assets with an indefinite useful life and goodwill, the impairment test is carried out at least once a year regardless of the presence of these indicators. The recoverable amount of an asset is the higher of its fair value net of costs to sell and its value in use. The recoverable amount is calculated for an individual asset, unless the asset is not capable of generating cash inflows from continuous use, largely independent of the cash inflows generated by other assets or groups of assets, in which case the test is carried out at the level of the smallest independent cash-generating unit that includes the asset in question (Cash Generating Unit).

The fair value corresponds to the market price (net of disposal costs), provided that the asset is marketed in an active market. A market can reasonably be considered to be active on the basis of the frequency of transactions and the volumes generated by them.
In determining value in use, future cash flows, referring to a period of time not exceeding five years, are estimated on the basis of prudent assumptions based on historical experience and making precautionary forecasts about the future performance of the reference sector and are discounted to their present value using a pre-tax rate that reflects current market assessments of the value of money and risks specific to the asset; the terminal value is determined on the basis of the perpetual return.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, it is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately. When an impairment loss is no longer justified, the carrying amount of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value resulting from the estimate of its recoverable amount, but not beyond the net carrying amount that the asset would have had if the impairment loss had not been recognised. The reversal of the impairment loss is immediately recognised in the income statement as income; after a reversal of the impairment loss has been recognised, the depreciation charge for the asset is adjusted in future periods in order to allocate the modified carrying amount, net of any residual values, on a straight-line basis over its remaining useful life.
Under no circumstances may the value of goodwill previously written down be restored to its original value.

FINANCIAL ASSETS

Financial assets are classified in the following categories:

- financial assets at fair value through profit or loss;
- financial assets held to maturity;
- loans and other financial receivables;
- financial assets available for sale.

The Group determines the classification of financial assets at the time of acquisition. They are classified as:

- financial assets at fair value through profit or loss: financial assets mainly acquired with the intention of realising a profit from short-term price fluctuations (not exceeding 3 months) or designated as such from inception;
- financial assets held to maturity: investments in financial assets with a fixed maturity and fixed or determinable payments that the Group intends and is able to hold to maturity;
- loans and other financial receivables: financial assets with fixed or determinable payments, not listed on an active market and other than those classified from inception as financial assets at fair value through profit or loss or as financial assets available for sale;
- financial assets available for sale: financial assets other than those mentioned in the previous sections or those designated as such from inception.

Purchases and disposals of financial assets are accounted for at the settlement date. Initial recognition is made at the fair value of the acquisition date, taking into account transaction costs.

After initial recognition, financial assets at fair value through profit or loss and assets available for sale are measured at fair value, financial assets held to maturity and loans and other financial receivables are measured at amortised cost. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in the income statement in the year in which they occur. Unrealised gains and losses arising from changes in the fair value of assets classified as available for sale are recognised in equity. The fair values of financial assets are determined on the basis of listed offer prices or using financial models. The fair values of unlisted financial assets are estimated using specific valuation techniques adapted to the specific situation of the issuer. Financial assets for which the current value cannot be determined reliably are recognised at cost less impairment losses.

TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables and other current assets are recorded at their fair value identified by the nominal value and subsequently reduced for any impairment losses through the allocation of a specific provision for bad debts, adjusting the value of assets.
Receivables with a maturity of more than one year, which are non-interest bearing or which accrue interest below market rates, are discounted using market rates. At each reporting date, indicators of impairment are verified. The previously recognised impairment loss is reversed if the circumstances that led to its recognition no longer exist.

CURRENT AND DEFERRED TAXES

Taxes for the year represent the sum of current and deferred taxes.
Current taxes are based on the taxable income for the year. Taxable income differs from the result reported in the income statement in that it excludes positive and negative components that will be taxable or deductible in other years and also excludes items that will never be taxable or deductible. Current tax liabilities are calculated using the rates in force or actually in force at the end of the reporting period. Deferred tax assets are calculated on the temporary differences between the book value of assets and liabilities in the statement of financial position and the corresponding tax value. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets, including assets relating to prior tax losses, are recognised to the extent that it is probable that there will be future taxable income from which they can be recovered.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that there will be sufficient future taxable income to guarantee the recovery of all or part of these assets.
Deferred taxes are calculated based on the tax rate that is expected to be in force when the asset is sold or the liability is settled. Deferred taxes are charged directly to the income statement with the exception of those relating to items recognised directly in equity, in which case the related deferred taxes are also charged to equity.
Tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities.

CASH AND CASH EQUIVALENTS

Cash on hand and cash equivalents are represented not only by cash on hand, but also by short-term investments with high liquidity, easily convertible into known amounts of money and subject to a negligible risk of changes in value.
For the purposes of the cash flow statement, cash and cash equivalents consist of cash, demand or time deposits with banks, other liquid short-term financial assets with an average original maturity of no more than three months, and current account overdrafts. For the purposes of drawing up the statement of financial position, the latter are included in financial payables under current liabilities.

FINANCIAL LIABILITIES

Financial liabilities consist of financial payables. Financial liabilities are initially recognised at fair value plus transaction costs; they are subsequently measured at amortised cost, i.e. at the initial value, net of principal repayments already made, adjusted (increased or decreased) based on the amortisation (using the effective interest method) of any differences between the initial value and the value at maturity.

EMPLOYEE BENEFITS

Guaranteed employee benefits paid on or after termination of employment through defined benefit plans (in the case of Italian companies, severance indemnities) are recognised over the vesting period of the entitlement. Liabilities relating to defined-benefit plans, net of any plan assets, are determined based on actuarial assumptions and are recognised on an accrual basis in line with the work required to obtain the benefits; the liabilities are valued by independent actuaries.
Gains and losses arising from actuarial calculations are periodically charged to the separate income statement (between labour costs and financial charges).

TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities, whose due date is within normal commercial and contractual terms, are not discounted and are recorded at nominal value.

PROVISION FOR RISKS AND CHARGES

Provisions for risks and charges represent probable liabilities of uncertain amount and/or maturity deriving from past events, the fulfilment of which will require the use of economic resources. Provisions are made exclusively in the presence of a current obligation, legal or implicit, which requires the use of economic resources, provided that a reliable estimate of the obligation can be made. The amount recognised as a provision represents the best estimate of the charge necessary to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to represent the best current estimate. Where it is expected that the financial outlay relating to the obligation will occur after normal payment terms and the effect of discounting is significant, the amount of the provision is represented by the present value of the expected future payments for the extinction of the obligation. Contingent assets and liabilities are not recognised in the financial statements; however, adequate information is provided in this regard.

FOREIGN CURRENCY TRANSACTIONS

Financial statement items are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are prepared in thousands of euro.
Receivables and payables originally expressed in foreign currency are recorded based on the exchange rates in force at the closing date of the financial year.
In particular, current assets and liabilities, as well as non-current financial receivables, are entered at the spot exchange rate at the closing date of the period. Gains and losses arising from the conversion of receivables and payables are credited and debited respectively to the income statement.
Any net profit deriving from the adjustment of foreign currency items to period-end exchange rates contributes to the formation of the result for the period and, upon approval of the financial statements and consequent allocation of the result for the year, the portion not absorbed by any loss is entered in a non-distributable reserve in shareholders' equity until its subsequent realisation. Revenues and income, costs and expenses relating to foreign currency transactions are determined at the exchange rate prevailing on the date on which the transaction is carried out.

POSITIVE AND NEGATIVE INCOME COMPONENTS

In terms of recognition of revenues and costs, the Group follows the accrual basis of accounting. Revenues from sales and services are recognised respectively when the actual transfer of the relevant risks and benefits deriving from the transfer of ownership takes place and are also measured at the fair value of the consideration received or due, taking into account the value of any discounts. Revenues from the provision of services are determined on the basis of the percentage of completion, defined as the ratio between the amount of services rendered at the reference date and the total value of services expected.
Costs for the creation of catalogues are recorded at the time of receipt of the related services.
Costs are allocated according to criteria similar to those for the recognition of revenues and, in any case, according to the accrual principle.
Interest income and expense is recognised on an accruals basis, taking into account the effective interest rate applicable.
Dividends are recorded in the year in which the distribution is approved.
Research and development costs are expensed when incurred.
There are no development costs that meet the requirements of IAS 38 to be capitalised.

CHANGES IN ACCOUNTING STANDARDS, ERRORS AND CHANGES IN ESTIMATES

The accounting standards adopted are changed from one year to the next only if the change is required by a standard or if it contributes to providing more reliable and relevant information on the effects of the transactions carried out on the Group's statement of financial position, income statement or cash flows.
Changes in accounting principles are accounted for retrospectively, with the effect on shareholders' equity of the first of the years presented; comparative information is adjusted accordingly. The prospective approach is only taken when it is impractical to reconstruct comparative information. The application of a new or amended

accounting standard is accounted for as required by the standard itself. If the standard does not govern the transition procedures, the change is accounted for using the retrospective method, or if impracticable, the prospective method.
In the case of material errors, the same treatment as for the changes in accounting standards described in the previous paragraph is applied. In the case of immaterial errors, the accounting is carried out in the income statement in the period in which the error is detected.
Changes in estimates are accounted for prospectively in the income statement, in the year in which the change occurs if it affects only the latter; in the year in which the change occurs and in subsequent years if the change also affects the latter.

EVENTS AFTER THE REPORTING PERIOD

These events are those that occur after the reporting period until the date on which publication is authorised. The date on which the financial statements are authorised for publication is the date of approval by the Board of Directors. This date is indicated in the "General Information" section at the beginning of these Notes.
These events can refer to facts that provide evidence of situations existing at the end of the reporting period (adjusting subsequent events) or facts that provide evidence of situations arising after the reporting period (non-adjusting subsequent events). For the former, the relative effects are reflected in the financial statements and the information provided is updated; for the latter, if significant, only adequate information is provided in the Explanatory Notes.

BUSINESS COMBINATIONS

Business combinations are accounted for using the purchase cost method.
In relation to this method, the costs of the business combination are allocated through the recognition at fair value of the assets and liabilities acquired, as well as the identifiable potential liabilities and equity instruments issued at the date of the transaction, in which the costs directly attributable to the acquisition are added.
The positive difference between the purchase cost and the portion of the fair value of the assets, liabilities and potential liabilities identifiable at purchase is recorded as goodwill among the assets and subjected at least annually to an impairment test. If the difference is negative, it is either recorded directly in the income statement or entered under liabilities in a specific provision for risks if it represents future losses.
Acquisition transactions between parties controlled by common entities that constitute transactions between entities "under common control" are not currently regulated by IFRS and therefore in accordance with the provisions of IFRS, the accounting treatment of such combinations is based on practice or on a body of similar accounting standards. On the basis of these criteria, the acquisition is accounted for keeping the historical values and any difference in price paid compared to the historical values reflected in the financial statements of the acquired entity is treated as a distribution/capital contribution to/from the controlling shareholders.

MAIN CAUSES OF UNCERTAINTY IN ESTIMATES

The preparation of the financial statements and related notes in accordance with IFRS requires the Group to make estimates and assumptions that have an effect on the values of assets and liabilities in the consolidated

financial statements and on the information relating to contingent assets and liabilities. The estimates and assumptions used are based on experience and other factors considered relevant. The results may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes made to them are reflected in the income statement in the period in which the estimate is revised if the revision affects only that period, or also in subsequent years if the revision affects both the current and future periods.
Estimates are mainly used to recognise impairment losses on recognised assets, to determine revenues for the period, provisions for bad debts, taxes and other provisions and funds.
The current economic and financial context continues to be characterised by great volatility and uncertainty. Therefore, the estimates made are based on assumptions regarding the future performance of revenues, costs and cash flows, which are characterised by a high degree of uncertainty, and therefore it cannot be excluded that in future years results will be significantly different from those estimated, which could lead to adjustments, which cannot be estimated or predicted at present, to the book values of the relevant items. For further details on the estimates made, please refer to the specific notes that follow.

ACCOUNTING STANDARDS

The 2020/2021 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. IFRS also means all the revised international accounting standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as Standing Interpretations Committee (SIC).
The accounting standards adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements at 30 June 2020.

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

The nature and impact of each standard/amendment are listed below:

On 31 October 2018, the IASB issued amendments to **IAS 1** and to **IAS 8 "Definition of Material"**, aimed at clarifying, and making uniform within the IFRS and other publications, the definition of relevance with the purpose of supporting businesses with formulating judgements on the matter. In particular, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments to IAS 1 and to IAS 8 are effective for financial years starting on or after 1 January 2020. This amendment had no impact on the preparation of the financial statements of the company.

On 21 April 2020, EU Regulation no. 2020/551 amended **IAS 3** relating to business combinations. The amendment was necessary in order to respond to concerns regarding the difficulties encountered in the practical application of the definition of "business activity". The regulation clarifies that this activity consists of production factors and processes applied to these factors that are able to contribute to the creation of production. The amendments to IAS 3 are effective for financial years starting on or after 1 January 2020. This amendment had no impact on the preparation of these financial statements of the company.

In the course of 2020, the IFRS Foundation approved an amendment to **IFRS 16** relating to the accounting of leases, in order to neutralise the changes in lease payments resulting from agreements between the parties in consideration of the negative effects of Covid-19. In this sense, new paragraphs were introduced in IFRS 16 with application of the changes applicable until 30 June 2021 and where aimed at mitigating the effects of Covid-19. This change was considered in the preparation of these financial statements.

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

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

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

The following are the standards which, at the date of preparation of the financial statements, had already been issued but were not yet in force. The Group intends to adopt these standards when they enter into force.

On 18 May 2017, the IASB issued **IFRS 17 "Insurance Contracts"**, which defines the accounting of insurance contracts issued and the reinsurance contracts held. The provisions of IFRS 17, which supersede those currently set forth in IFRS 4 "Insurance Contracts", are effective for financial years starting on or after 1 January 2023 (postponed in the year 2020 from 2021 to 2023).

On 22 October 2018, the IASB issued amendments to **IFRS 3 "Business Combinations"**, aimed at providing clarifications on the definition of a business. The amendments to IFRS 3 are effective for financial years starting on or after 1 January 2022 (postponed in the year 2020 from 2020 to 2022).

IFRS 10 Consolidated Financial Statements and **IAS 28** Investments in Associates and Joint Ventures (amendments): sale or contribution of assets between an investor and its associates or joint ventures. The complete profit (or loss) is recognised when a transaction refers to a business segment (whether or not it is within a subsidiary). A partial profit or loss is recognised when a transaction involves assets that do not constitute a business segment, even if these assets are in a subsidiary. At the reporting date, the competent bodies of the European Union postponed indefinitely the endorsement process necessary for the application of the amendment and the effective date.

EU regulation no. 2021/25, containing amendments to Regulation (EC) no. 1126/2008 which adopts some international accounting standards, was published on 13 January 2021. The accounting standards subject to change are **IFRS 9**, **IAS 39**, **IFRS 7**, **IFRS 4** and **IFRS 16**. This regulation envisaged a specific accounting treatment in order to allocate changes in the value of financial instruments or lease contracts over time, resulting from the actual replacement of the benchmarks for determining the existing interest rates with alternative reference rates. The changes must be applied by the parties concerned at the latest from the start date of the first financial year beginning on or after 1 January 2021.

Regulation (EU) 2021/1080, published on 2 July 2021, in which amendments were made to Regulation (EC) no. 1126/2008 which adopts certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and Council with regard to International Accounting Standards **(IAS) 16, 37 and 41 and International Financial Reporting Standards (IFRS) 1, 3 and 9**, was approved on 28 June 2021. The regulation establishes that companies will have to apply the changes from the start date of their first financial year beginning on or after 1 January 2022.

The Company will adopt these new standards, amendments and interpretations, on the basis of the expected date of application, and will assess their potential impacts, when they are endorsed by the European Union.

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

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

NOTE 1 - INTANGIBLE ASSETS

The composition and changes in intangible assets at 30 June 2020 are shown in the table below:

(amounts in €/000)	30/06/2020	Changes in scope of consolidation	Increases	Decreases	Amortisation	Other changes	30/06/2021
Goodwill/Merger deficit	39.364	14.149	0	0	0	0	53.513
Development costs	103	73	18	0	(21)	0	173
Concessions, licenses and trademarks	1.469	184	364	0	(448)	(12)	1.557
Other intangible assets	263	21	20	0	(105)	(1)	198
Expansion costs	110	88	0	0	(38)	129	289
Consolidation reserve	17.237	(10.165)	4.924	0	0	(1)	11.995
Intangible assets	**58.546**	**4.350**	**5.326**	**0**	**(612)**	**115**	**67.725**

Goodwill

The changes in the scope of consolidation - both relating to goodwill and to the consolidation difference - are due to the merger by incorporation of 6sicuro S.p.A. and Arena Broker (already included in the area of the previous year) and of Brosacor, acquired and incorporated during the year.
The column relating to the increase in consolidation differences derives from the acquisition of Ing. G. Bassi S.p.A. during the year.

Goodwill impairment test

Goodwill, as a fixed asset with an indefinite useful life recognised as a fixed asset at 30 June 2021 and at 30 June 2020, was tested for impairment.
This assessment, carried out at least once a year, was carried out at the level of the cash generating units (CGUs) to which the value of goodwill can be allocated.
In order to determine the recoverable amount, reference was made to the value in use determined using the "Discounted cash flow" method, which estimates future cash flows and discounts them using a rate that coincides with the weighted average cost of capital (WACC).
The following data were used and the following assumptions were made in order to carry out these impairment tests:

- the financial data were taken from the Group's 2021-2025 five-year business plan (1 July 2020 - 30 June 2025) (detailed at the level of the Cash Generating Units - CGUs into which the Group is divided). The business plan was approved by the Executive Committee;
- to determine the cash flows, the EBITDA of each CGU was used as the starting point and the value of the investments was deducted;

- these cash flows were discounted on the basis of the weighted average cost of capital employed (WACC), net of tax, determined on the basis of the following reference parameters:
    - *risk free rate*: yield on ten-year issues in the countries where the CGUs operate;
    - *beta*: determined taking as reference the observations (source: Damodaran) relating to a panel of comparables*;*
    - *market premium*: yield differential between the risk-free rate and the share remuneration of the sector in the geographical context in which the CGU operates;
    - *average borrowing rate*: cost related to the sources of financing from third parties of the Group to which the CGU belongs.

Cash flows were discounted using a WACC, net of the related tax effect, of between 7.4% and 9.8%, in accordance with the individual parameters reported above and relating to each CGU. In particular, the expected growth rate "g" after the five-year period covered by the business plan, to be used to determine the terminal value was assumed to be 2% in line with the projection curve of the relevant business plan and lower than the growth rate of the sector.

The impairment tests carried out showed recoverable amounts in excess of the carrying amounts of goodwill in the Group's financial statements.

Other intangible assets

The increases for the year refer to the acquisition of new software licenses for the use of the management information system and for increases in trademarks.

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

The breakdown of and changes in property, plant and equipment at 30 June 2021 are shown in the table below:

(amounts in €/000)	30/06/2020	Changes in scope of consolidation	Increases	Decreases	Depreciation	Other changes	30/06/2021
Land and buildings	198	0	0	0	(13)	1	186
Plant and machinery	5	1	0	0	(1)	1	6
Rights of use	11.422	113	1.037	(72)	(3.486)	184	9.198
Cars	340	10	172	(68)	(151)	2	305
Furniture and furnishings	716	2	39	0	(116)	(130)	511
Electronic machines	361	12	64	(19)	(164)	130	384
Mobile phones	305	6	33	0	(107)		237
Property, plant and equipment in progress	0	0	0	0	0	0	0
Property, plant and equipment	**13.347**	**144**	**1.346**	**(159)**	**(4.039)**	**188**	**10.827**

NOTE 3 - FINANCIAL ASSETS

The breakdown of this item at 30 June 2021 and 30 June 2020 is shown below:

(amounts in €/000)	30/06/2021	30/06/2020
Investments in subsidiaries	0	107
Investments in associated companies at equity	30	404
Investments in non-consolidated subsidiaries	10	10
Other non-current loans	887	1.018
Financial assets	**1.240**	**1.539**

The investment in non-consolidated subsidiaries includes the investment in the company A.S.T. S.r.l., as indicated previously, for an amount of Euro 10 thousand.

The items other loans mainly refer to guarantee deposits.

NOTE 4 - TAX RECEIVABLES (NON-CURRENT)

This item is broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Receivables from tax authorities for reimbursement I.R.A.P.	0	19
Other receivables from tax authorities	177	268
Tax receivables (non-current)	**177**	**287**

NOTE 5 - DEFERRED TAX ASSETS

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

(amounts in €/000)	30/06/2021	30/06/2020
Deferred taxes on losses	0	912
Other deferred taxes	854	623
Other tax records	807	177
Receivables from tax authorities for deferred taxes IRES	115	166
Receivables from tax authorities for deferred taxes IRAP	9	13
Deferred tax assets	**1.785**	**1.891**

NOTE 6 - TRADE RECEIVABLES AND OTHER TRADE ASSETS

Trade receivables were broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Receivables from customers	6.787	6.423
Group current trade receivables	2	0
Trade receivables and other trade assets	**6.789**	**6.423**

NOTE 7 - TAX RECEIVABLES (CURRENT)

The breakdown of this item at 30 June 2021 and 30 June 2020 is shown below:

(amounts in €/000)	30/06/2021	30/06/2020
VAT refunds	2	2
IRES receivables	202	766
IRAP receivables	82	86
Other tax receivables	273	455
Tax receivables	**559**	**1.309**

NOTE 8 - RECEIVABLES FROM OTHERS

The breakdown of this item at 30 June 2021 and 30 June 2020 is shown below:

(amounts in €/000)	30/06/2021	30/06/2020
Receivables from policyholders and companies (commissions and pre	37.345	40.188
Claims advances	745	1.834
Receivables from employees	285	636
Prepayments	2.857	2.643
Other receivables	11.178	9.379
Other current loans	256	0
Receivables from others	**52.666**	**54.680**

NOTE 9 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Bank deposits	20.893	8.561
Cheques	74	78
Cash	62	50
Cash and cash equivalents	**21.029**	**8.689**

The balance represents cash and cash equivalents on bank and postal current accounts and the existence of cash and cash equivalents at the end of the period.
The value of cash and cash equivalents is deemed to be in line with their fair value.

NOTE 10 - SHAREHOLDERS' EQUITY

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

(amounts in €/000)	30/06/2019	Allocation of result	Changes in scope of consolidation	Change from dividends distributed	Other changes	30/06/2020	Allocation of result	Changes in scope of consolidation	Change from dividends distributed	Share capital increase	Other changes	30/06/2021
Capital issued	5.832	0	0	0	1.785	7.617	0	0	0	0		7.617
Legal reserve	1.038	197	0	0	0	1.235	245	0	0	0	1	1.481
Share premium reserve	10.223	0	0	0	23.214	33.437	0	0	0	0		33.437
IAS reserve (first time adoption)	(187)	0	35	0	82	(70)	0	0	0	0		(70)
Remeasurement of defined benefit plans (IAS 19)	(2.378)	0	0	0	54	(2.324)	0	0	0	0	(75)	(2.399)
Other reserves	6.281	5.227	107	(3.236)	(811)	7.568	5.212	279	(2.987)	199	(449)	9.822
Net profit (loss) for the year	5.424	(5.424)	0	0	5.458	5.458	(5.458)	0	0	0	6.635	6.635
Group shareholders' equity	**26.233**	**0**	**142**	**(3.236)**	**29.782**	**52.921**	**(1)**	**279**	**(2.987)**	**199**	**6.112**	**56.523**
Capital and reserves of minority interests	392	0	31	0	8	431	405	14	(500)	0		350
Profit attributable to minority interests	258	0	0	0	148	406	(406)	0	0	0	835	835
Minority interests	**650**	**0**	**31**	**0**	**156**	**837**	**(1)**	**14**	**(500)**	**0**	**835**	**1.185**
Total shareholders' equity	**26.883**	**0**	**173**	**(3.236)**	**29.938**	**53.758**	**(2)**	**293**	**(3.487)**	**199**	**6.947**	**57.708**

The main changes in shareholders' equity in the year ended 30 June 2021 were as follows:

- increase in the legal reserve due to the allocation of the previous year's profit;
- increase in profits carried forward due to the allocation of the previous year's profit;
- actuarial loss on defined benefit plans for employees of Euro 16 thousand recognised in accordance with IAS 19;
- distribution of dividends to third parties of Euro 3,486 thousand (ASSITECA Euro 2,986 and Artigianbroker Euro 500).

The table below shows the reconciliation between the shareholders' equity of the Parent Company and the consolidated shareholders' equity.

(amounts in €/000)

	PROFIT FOR THE YEAR	SHAREHOLDERS' EQUITY
Balances as per the parent company financial statements	5.704	55.001
Elimination of dividends	(1.402)	0
Pro-rata net profits achievable by the companies of the Group	2.333	
Differences in the pro-rata value of the shareholders' equity compared to the carrying amount of the investments in consolidated companies		1.522
Total group shareholders' equity	**6.635**	**56.523**
Capital and reserves of minority interests	0	350
Profit attributable to minority interests	835	835
Consolidated Total	**7.470**	**57.708**

NOTE 11 - LIABILITIES FOR PENSIONS AND SEVERANCE INDEMNITIES

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

At 30 June 2021, liabilities for pensions and severance indemnities amounted to Euro 15,783 thousand (Euro 15,042 thousand at 30 June 2020).

Changes in the period are shown below:

(amounts in €/000)	30/06/2021	30/06/2020
Balance at the beginning of the year	15.042	14.150
Provision	1.359	1.255
Changes in scope of consolidation	118	487
Uses	(685)	(780)
Actuarial loss (profit) recorded	16	(71)
Exchange rate effect	0	0
Other changes	(67)	1
Liabilities for pensions and severance indemnities	**15.783**	**15.042**

Changes during the period reflect provisions and disbursements, including advances, made during the year ended 30 June 2021.

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

The Project Unit Cost method was used to determine the liabilities, broken down into the following phases:

- possible future benefits that could be provided to each employee in the event of retirement, death, disability, resignation, etc. were projected on the basis of a series of financial assumptions (increase in the cost of living, salary increase, etc.). The estimate of future benefits will include any increases corresponding to the additional length of service accrued as well as the expected increase in the level of remuneration received at the valuation date;
- the average present value of future benefits was calculated on the basis of the annual interest rate adopted and the probability that each benefit will actually be paid at the end of the reporting period;
- the liability for the company has been defined by identifying the portion of the average present value of future services that refers to the service already accrued by the employee at the valuation date;
- the reserve recognised as valid for IFRS purposes has been identified on the basis of the liability determined in the previous point and the reserve set aside in the financial statements for Italian civil law purposes.

More specifically, the following assumptions have been made:

Financial	
Wage growth rate	1.95%
Annual discount rate	0.91%
Annual inflation rate	1.70%

Demographics	
Mortality	ISTAT 2019 divided by sex and age
Disability	INPS tables divided by age and sex
Retirement age	100% upon achievement of AGO requirements

NOTE 12 - MISCELLANEOUS PAYABLES AND OTHER NON-CURRENT LIABILITIES

This item is broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Miscellaneous payables and other liabilities	**0**	**0**

NOTE 13 - FINANCIAL LIABILITIES DUE AFTER 12 MONTHS

This item is broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Non-current current accounts overdraft	1	0
Non-current bank loans	33.260	10.061
Non-current financial payables for leases (IFRS 17)	197	273
Other non-current accrued financial expenses	0	17
Non-current financial payables for Right of use (IFRS 16)	5.860	8.149
Financial liabilities due after 12 months	**39.318**	**18.500**

NOTE 14 - FINANCIAL LIABILITIES DUE WITHIN 12 MONTHS

This item is broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Current account overdrafts	349	9.990
Other bank loans	2.000	2.000
Short-term portion of non-current bank loans	4.304	2.614
Current financial payables for leases (IFRS 17)	227	310
Current financial payables for Right of use (IFRS 16)	3.100	3.189
Short-term loans	**9.980**	**18.103**

These are mainly payables on credit lines granted by banks on ordinary current accounts as well as short-term portions of unsecured loans and payables for leases (IFRS 17) and rights of use (IFRS 16)
The other loans consist of *hot money* lines.

NOTE 15 - TRADE PAYABLES

This item is broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Payables to suppliers	3.960	3.770
Current accrued commercial expenses and deferred commercial income	14	34
Trade payables	**3.974**	**3.804**

NOTE 16 - TAX AND SOCIAL SECURITY PAYABLES

This item is broken down as follows at 30 June 2021 and 30 June 2020:

(amounts in €/000)	30/06/2021	30/06/2020
Tax payables	1.448	2.251
Social security payables	1.745	1.610
Tax and social security payables	**3.193**	**3.861**

Tax payables mainly refer to payables for withholding taxes applied to employees or self-employed work. Social security payables refer to amounts owed to social security institutions, INPS and supplementary pension funds.

NOTE 17 - OTHER LIABILITIES

Other liabilities at 30 June 2021 mainly refer to the payable to companies for premiums already received by the company and not yet paid, shown net of commissions already accrued.
The breakdown of this item is as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Payables to personnel	1.843	1.965
Payables for social security contributions	45	0
Current advances from customers	366	1.885
Payables to companies	29.708	28.825
Payables for the purchase of investments	304	221
Other current payables	887	1.168
Other liabilities	**33.153**	**34.064**

Guarantees, sureties and other commitments undertaken by the company

(amounts in €/000)	30/06/2021	30/06/2020
Guarantees, sureties and other commitments	13.500	13.500
Total memorandum accounts	**13.500**	**13.500**

The amount of Euro 13,500,000 is related to bank guarantees issued pursuant to Article 117, paragraph 3 bis of the Insurance Code.

NOTE 18 - REVENUES

The Group's revenues derive from the following activities:

(amounts in €/000)	30/06/2021	30/06/2020
Revenues from commissions	78.645	72.700
Revenues from transactions with related parties	3	0
Revenues from consulting services	7.514	6.304
Revenues	**86.162**	**79.004**

The revenues of the companies belonging to the Group increased compared to the previous year.

NOTE 19 - OTHER INCOME

This item breaks down as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Grants for the year	51	200
Contingent assets	312	237
Recovery of other costs and services	105	149
Other operating income	330	928
Other operating income	**798**	**1.514**

NOTE 20 - COSTS FOR SERVICES

This item breaks down as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Commission expense	10.569	8.097
Consulting services	5.272	5.296
Collaborations	1.555	935
Insurance	642	587
Postal and telephone expenses	631	651
Travel and transfers	817	1.105
Publicity and advertising Promotion and image	1.524 465	785 566
Promotion and image	1.989	1.351
Statutory auditors' emoluments and fees	82	71
Directors’ emoluments and fees	6.545	6.642
Other services	3.713	4.280
Costs for services	**31.815**	**29.015**

NOTE 21 - COSTS FOR USE OF THIRD PARTY ASSETS

This item breaks down as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Rent payable	302	482
Rentals and others	620	766
Lease payments	6	0
Costs for use of third party assets	**928**	**1.248**

The Group has long-term rental contracts for cars granted as benefits to employees and operating leases for hardware equipment.

NOTE 22 - PERSONNEL COSTS

The breakdown of this item for the year ended 30 June 2021 and the year ended 30 June 2020 is shown below:

(amounts in €/000)	30/06/2021	30/06/2020
Salaries and wages	25.251	23.793
Social security charges	7.889	7.597
Provision for benefits following termination of the employment rela	1.359	1.547
Provision for pension funds and other	355	0
Other personnel costs	255	14
Personnel costs	**35.109**	**32.951**

Personnel costs increased compared to the previous year due to the increase in the workforce during the year.

(number of employees)	30/06/2021	30/06/2020
Senior Managers	22	22
Middle managers	112	117
White-collar workers	490	469
Blue-collar workers	2	1
Trainee employee	0	7
Total	**626**	**616**

NOTE 23 - OTHER OPERATING COSTS

Other operating costs in the year ended 30 June 2021 are broken down as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Stationery and printed materials	157	181
Other taxes (other than income)	454	267
Contingent liabilities	107	200
Banking services and charges	831	763
Miscellaneous expenses	737	760
Other operating costs	**2.285**	**2.167**

NOTE 24 - AMORTISATION, DEPRECIATION AND WRITE-DOWNS

This item breaks down as follows:

(amounts in €/000)	30/06/2021	30/06/2020
Write-downs (Revaluations)	400	402
Depreciation of property, plant and equipment	4.065	4.017
Amortisation of intangible assets	613	885
Amortisation, depreciation and write-downs	**5.078**	**5.304**

NOTE 25 - FINANCIAL INCOME AND CHARGES

The breakdown of this item is as follows:

(amounts in €/000)	30/06/2021	30/06/2020
FINANCIAL INCOME:		
Interest income and financial income	111	26
Interest income and financial income from cash pooling companies	23	0
Gains from exchange rate differences	58	44
Financial revenues	**192**	**70**
FINANCIAL CHARGES:		
Interest expense and financial charges	814	699
Interests expense for IAS IFRS	470	361
Losses on exchange rate differences	103	25
Financial charges	**1.387**	**1.085**
Financial income and charges	**(1.195)**	**(1.015)**

NOTE 26 - INCOME TAXES

The breakdown of this item for the year ended 30 June 2021 and the year ended 30 June 2020 is shown below:

(amounts in €/000)	30/06/2021	30/06/2020
IRAP income taxes	846	707
IRES income taxes	1.633	1.915
Taxes from previous years	146	10
Deferred tax assets	0	(28)
Deferred tax liabilities	243	58
Contingent assets for IRAP	(166)	0
Income taxes	**2.702**	**2.662**

COMMITMENTS AND CONTINGENT LIABILITIES

There are no commitments or liabilities that derive from obligations in progress and for which the use of resources capable of meeting the obligation is probable, which are not already reflected in the financial statements at 30 June 2021.

CAPITAL MANAGEMENT

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

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

ADDITIONAL INFORMATION FROM IFRS 7

The rules in IFRS 7 shall be applied by all entities to all financial instruments. Paragraph IN4 of the introduction specifies that IFRS 7 applies to all companies with few financial instruments, but the extent of the information required depends on the extent to which the company uses the financial instruments and is exposed to risk.
The Group is a commercial group whose only financial instruments are trade receivables and trade payables.
The Group has no commitments, guarantees or risks outstanding at the end of the year.
In the course of its business, the Group is exposed to various financial risks, including in particular the market risk in its main components and the exchange rate risk associated with currency trading.
Financial risks are managed by the administrative department, which evaluates all major financial transactions and implements the related hedging policies.
The Group has taken out appropriate insurance policies covering the risk of loss of ownership, product risk and the risk of potential liabilities arising from business interruption following exceptional events. This coverage is reviewed annually.
The following is a series of pieces of information designed to provide information on the extent of the Group's exposure to risks in addition to the information already contained in the report on operations:

a. Credit risk management: brokerage risk is related only to insurance premiums for which the Group declares coverage to the companies without having yet received the premium from the insured.

b. Liquidity risk management: the Group's financing requirements and cash flows are coordinated with the aim of ensuring effective and efficient management of financial resources within the framework of centralised treasury management. Cash outflows from current operations are substantially financed by cash inflows from ordinary activities. Liquidity risk may arise only in the event of investment decisions in excess of cash and cash equivalents that are not preceded by sufficient and readily available sources of appropriate funding.

c. Interest rate risk: the risk of fluctuations in interest rates over time is also closely related to liquidity risk. The Group takes steps to minimise the related cost, diversifying the sources of financing also in consideration of the rates applied and their variability over time. The medium/long-term loans in place are at variable rates. Short-term credit lines are at variable rate, with values that vary in the various forms of financing, and an average cost that in the 2020/2021 financial year was approximately 2.25%. An upward fluctuation in market reference rates, which in the current international macroeconomic context is not likely, given the current structure of the Group's sources of financing, could in any case have a negative effect on its economic performance.

d. Risk associated with exchange rate fluctuations: the Group has some premium income in dollars, with consequent exposure to exchange rate risk. If the risk is evaluated as significant, specific forward purchase contracts for foreign currency are signed, in order to hedge against the risk of exchange rate fluctuations.

Exposure to external and operational risks

In carrying out its activities, the Group incurs risks deriving from external factors connected with the macroeconomic context or the sector in which it operates, as well as internal risks connected with the operational management of the activity itself.

Risks arising from the macroeconomic recession

The unfavourable macroeconomic situation reduces the propensity to consume of customers, with the consequent risk of a reduction in revenues attributable to the reduction in volumes sold as well as to the reduction in commission expected in relation to the reduction in premiums for all variable-premium policies (typical example is the professional liability policy). This risk is mitigated by customer loyalty actions and by measures to rationalise production processes in terms of costs and product and service quality.

Risk of managing relations with the Authorities

Insurance brokerage activities are subject to administrative and legal regulatory constraints, in particular with reference to Personal Data Protection regulations and IVASS requirements. The Group is exposed to the risk of non-compliance with the rules set out in the Code for the Protection of Personal Data with regard to its end customers, which may lead to sanctions by the relevant Authority (Privacy Guarantor) and to the risk of non-compliance in the application of the information required by IVASS regulations. In the face of this risk, the Group has developed internal procedures to ensure that the processing of its end customers' data, both manually and electronically, always takes place in compliance with current legislation.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

PURCHASE OF THE ASSIDEA BUSINESS UNIT

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

APPOINTMENT OF SYLVAIN QUERNÉ

In July 2021, the Board of Directors of ASSITECA S.p.A. appointed Sylvain Querné, formerly Chief Executive Officer of 6sicuro S.p.A., as a co-opting director.

NEGOTIATIONS

ASSITECA is currently involved in 4 active advanced-stage acquisition negotiations equally divided between Italy and Spain, some of which are expected to be successfully concluded during the current financial year.

The Chairman of the Board of Directors

(Luciano Lucca)