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CORPORATE BOARDS

BOARD OF DIRECTORS

Chairwoman Donatina Dell'Anna

Vice-Chairman Riccardo Cavagna **Executive Directors** Valentino Pellenghi Daniele Marconi Gianpietro Gamba

Other Board members Fausto Rodella

Term of office: until the date of approval of the Financial Statements as at 31st dicembre 2023.

BOARD OF AUDITORS

Chairman Dr. Renato Camodeca **Statutory Auditors** Avv. Giulia Mina Dr. Silvio Piccinelli

Deputy Auditors

Dr. Riccardo Arpino Rag. Angelo Quaglia

Term of office: until the date of approval of the Financial Statements as at 31st dicembre 2023.

INDEPENDENT AUDITORS AND CONTROLLERS

KPMG S.p.A.

Term of office: until the date of approval of the Financial Statements as at 31st dicembre 2021.

KEY BUSINESS INDICATORS

Income Statement €/1000	2021	2020	2019
Revenues from sales	218.564	177.077	190.966
Gross Operating Margin (EBITDA)	35.782	26.740	26.132
Amortisation, depreciation and write- downs	17.290	12.986	12.831
Operating income (EBIT)	18.491	13.754	13.302
Before- tax result (EBT)	18.348	10.761	13.090
Net Result (EAT)	13.590	8.659	10.078
Net cash flow	30.880	21.645	22.909

Balance Sheet €/1000	2021	2020	2019
Net current assets	64.606	59.231	62.877
Net technical non- current assets	108.213	113.340	100.302
Financial assets	1.895	1.862	2.015
Prov. for employee leaving ind. & other provisions	-8.978	-8.312	-8.407
Net invested capital	165.736	166.121	156.787
Net financial position	48.277	56.066	68.146
Shareholders' equity	117.459	110.055	88.641

€/1000	2021	2020	2019
Investments in real estate	3.600	309	1.573
Investments in fabbrical machines	6.752	4.779	7.664
Information technology & communication	784	1.455	556
Other investments	983	478	4.231
Total investments	12.119	7.021	14.024
R&S personnel expenses	1.681	1.570	1.677
of which capitalized	0	0	0

Sales by geographical area €/1000	2021	2020	2019
Italy	99.278	73.795	87.735
Other EU countries	68.070	62.972	70.602
Asia	18.202	14.075	13.526
Latin America	4.634	4.081	5.234
North America	9.842	7.913	6.318
Non-EU countries	13.924	10.700	4.258
Oceania	3.665	2.789	2.743
Africa	949	752	550
Total	218.564	177.077	190.966
% sales in Italy on total	45%	42%	46%

	delta 2021-2020	delta 2021-2019
Italia	25.483	11.543
Export	16.004	16.055
Delta total	41.487	27.598
	23%	14%



BUSINESS REPORT ISSUED BY THE BOARD OF DIRECTORS

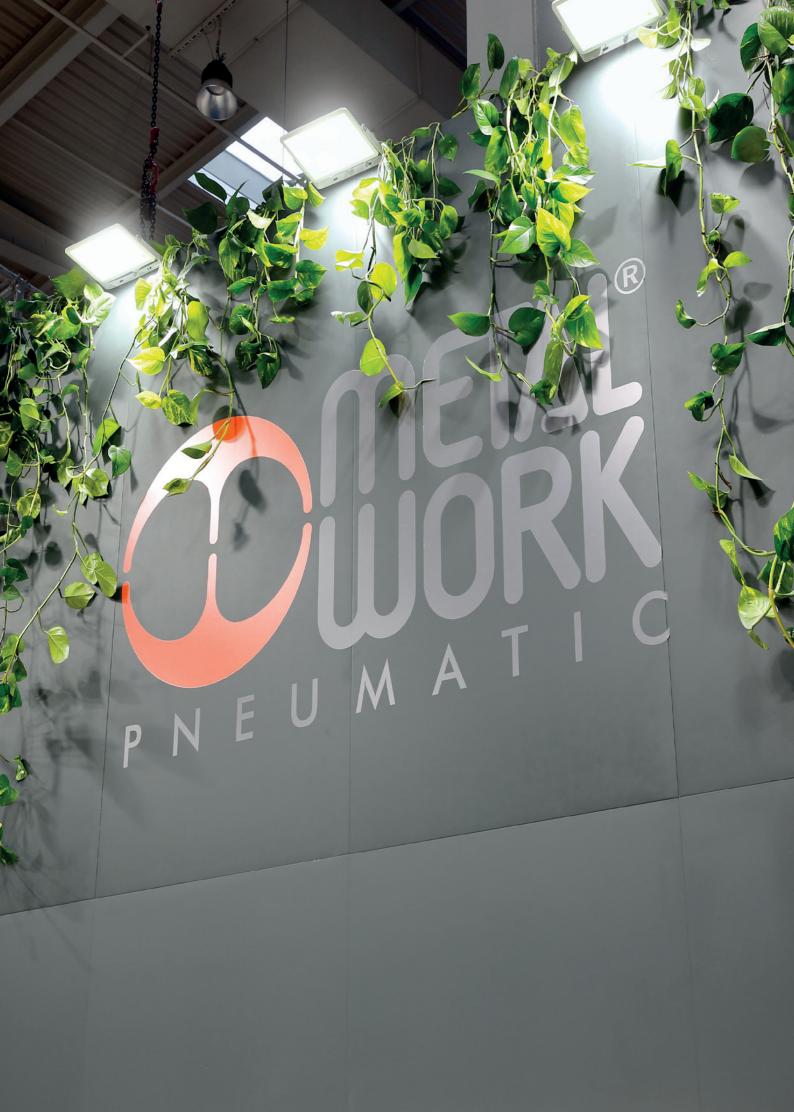
Business report

Metal Work is an industrial Group that specializes in the design, production and sale of components for the automation of pneumatic systems. The registered office is in Concesio, in the province of Brescia, Italy.

Metal Work manufactures fittings, air treatment units, actuators and valves, and also markets other products in the pneumatics industry. The company was established as a private limited company in 1998 and later incorporated Metal Work Service S.p.A. and Metal Fin S.p.A., now Metal Work Holding S.p.A.

The Metal Work Group is structured as follows:

- 17 companies located mainly in northern Italy, all called Metal Work Service, handle the distribution of MW products in Italy;
- 15 trading companies, called Metal Work or Metal Work Pneumatic, located in the main EU countries, as well as Ukraine, Russia and Switzerland, handle the distribution of MW products in Europe;
- Metal Work Pneumatica do Brasil, the Brazilian production plant indirectly owned through a holding company, and jointly with the local management, handle the distribution of MW products on the Latin American market;
- 9 trading companies, called Metal Work or Metal Work Pneumatic, located in the United States, South-East Asia, Oceania, China, South Africa and India, handle the distribution of MW products in the rest of the world. Furthermore, in 2021 Metal Work Pneumatic PTE (Singapore) was established in Singapore;
- Eurofit S.r.l., which manufactures and distributes its own range of pipe fittings and other accessories;
- Alfa Meccanica S.r.l., which operates in the industrial automation and materials handling sector;
- Fluid Force S.r.l., which manufactures speed regulators and hydraulic brakes;
- Assemblaggi Industriali S.r.l., Tecnopolimeri S.r.l. and Meridian S.r.l., Metal Work S.p.A.'s production satellites, which deal in the assembly of fittings, plastic moulding and lathe machining.
- Metal Work Automation S.r.l., which changed the previous company name SPMC S.r.l. in 2021 and took over DUE-BI S.r.l., a company engaged in the production of electrical wiring and installations, switchboards, and the process of software for industrial use;
- Vdm S.r.l., a company specialising in the coating of industrial component parts;
- Signal S.r.l., an associated company specialising in electronics applied to industrial automation;
- American Cylinder Inc., which is based in Peotone (IL), wholly owned through the company Metal Work Pneumatic USA Inc., that makes cylinders for the American market.





Metal Work			
Portugal			
100%	_		
Metal Work Iberica	90%	97,5%	Metal Work Polska
Metal Work UK	93%	100%	Metal Work Ukraine
Metal Work Neaderland	70%	98 %	Metal Work Danmark
Metal Work France	89,8%	100%	Metal Work Pneumatic Components (Shangai)
Metal Work Deutschland	100%	99,09%	Metal Work Pneumatic India
Metal Work Finland	100%	100%	Metal Work Pneumatic Russia
Metal Work Sweden	100%	100%	Metal Work Pneumatic Svizzera
Metal Work Pneumatic CZ	80%	67%	Metal Work Pneumatic Indonesia
Metal Work Pneumatic Thailand	49%	100%	Metal Work Pneumatic South Africa
Metal Work Australia	100%	74,63%	Metal Work Pneumatic Romania
Metal Work Pneumatic Malaysia	100%	95%	Metal Work Pneumatic USA
Metal Work Pneumatic Singapore	100%		100%
	_		American Cylinder



Metal Work Pneumatic do Brasil

	-						
			Metal Work Service Rimini	90%	. 100%	Metal Work Service Bergamo	
Metal Work Automation	52,89%		Metal Work Service Bologna	100%	100%	Metal Work Service Modena	
Alfa Meccanica	100%		Metal Work Service Prato	100%	. 76%	Metal Work Service Oggiono	
Eurofit	80%		Metal Work Service Brescia	96%	100%	Metal Work Service Milano	
Fluid Force	70%	12% 10%	Metal Work Service Verona	68%	100%	Metal Work Service Mantova	
Assemblaggi Industriali	59,9%		Metal Work Service Vicenza	75%	90%	Metal Work Service Bari	
Meridian	97,5%	10%	Metal Work Service Treviso	90%	90%	Metal Work Service Parma	
Tecnopolimeri	70%		Metal Work Service Novara	95%	100%	Metal Work Service Torino	
VDM	55%				90%	Metal Work Service Cremona	
Signal	36%						



Trading companies abroad Trading companies Italy

Holding company

Industrial company subsidiaries

other non subsidiary industrial companies

Production company pneumatics



SCENARIO

Global pandemic conditions improved considerably in 2021, mainly due to the fast progress of vaccination campaigns in developed countries. The consequent easing of restrictions on mobility and the still highly supportive economic policies favoured a faster and stronger-than-expected recovery in global demand, particularly for commodities. This boosted world growth, which recovered sharply to 6.1 %, and the international trade momentum. In this scenario, inflation was driven by rising commodity prices, especially for energy and food, and the re-emerging of global supply-side bottlenecks. In the major industrialized countries, economic policies remained generally accommodative. Governments continued to support demand on the fiscal front, especially in the US. In response to inflationary pressures that were more intensive and persistent than expected, the Federal Reserve and the Bank of England have been normalising their monetary policy course since the Autumn. The Russian invasion of Ukraine in February 2022 led to a sudden worsening of global financial conditions and growth prospects for global output and trade, as a result of increased uncertainty, further rises in commodity prices and exacerbating supply-side bottlenecks. Recent heavy lockdowns in China and the more restrictive stance of economic policies, especially in the US, may also contribute to dampening the economic activity.

US GDP increased by 5.7 % in 2021 and returned to pre-pandemic levels faster than other industrialised country economies, reflecting more restrictive fiscal policies in the first part of the year. Even in the UK, despite Brexit-related difficulties, the expeditious vaccination campaign and concomitant easing of restrictions since the end of the first quarter boosted GDP growth. Conversely, in Japan the resurgence of the pandemic and the imposition of mobility restrictions in many parts of the country in the second half of the year weakened consumption dynamics, dampening the upturn in output.

Inflation increased significantly throughout 2021 and early 2022. The increase was mainly driven by increases in energy goods, but the underlying component also rose markedly, particularly in the US due to a strong recovery in domestic demand.

In China, the gross domestic product increased on average by 8.1 % in 2021, but decelerated sharply during the year, growing by 4 % in the last quarter due to the slowdown of operations in the real estate sector, which accounts for more than one fifth of the output. Inflation dropped to 0.9 % from 2.5 % in 2020. A 5.5 % growth target for the year was announced in March 2022, which is higher than the 4.4 % forecast by the IMF. According to several analysts, its achievement will require further policies to support business activities, especially in light of the fallout from recently imposed lockdowns in some of the country's major centres, including Shanghai, which contribute around 40 % to the national GDP.

Last year, India's economy grew by 8.3 %, the fastest pace among the major emerging countries, thanks to the recovery of consumption and investment, especially public investment. The pandemic wave that hit the country in the spring only marginally dampened the upturn in operations, as the restrictions imposed on mobility were less severe and more targeted than in the previous year. Inflation averaged 5.1 % for the year, in line with the Central Bank's target range of 2-6 %, but has risen steadily since last October, affected by higher oil prices.

In Brazil, gross domestic product increased by 4.6 % in 2021. After the good performance in the first quarter, supported by foreign demand and the continuing effects of income-supporting budgetary policies, activity remained stagnant, partly due to unfavourable inflationary dynamics. Prices rose broadly over the course of the year; inflation has remained well above the monetary policy target range (3.75 %±1.5 percentage points) since March. The monetary authorities intervened several times, raising the reference rate from 2.00 % to 12.75 %. Deteriorating financial conditions, price dynamics and political uncertainty over the presidential elections this autumn will weigh on growth this year, which is expected by the IMF to come to a standstill at 0.8 %, with downside risks linked to possible negative spill-over effects on global activity and trade due to the conflict in Ukraine.

Russia's GDP increased by 4.7 % in 2021, driven by higher revenues from energy exports and a strong recovery in domestic consumption and investment. Inflation, which remained above the 4 % medium-term target throughout the year, gradually rose, reaching 8.4 % in December. In response, the Central Bank raised official rates several times from March onwards. The picture changed dramatically with the invasion of Ukraine at the end of February this year. The outlook for the Russian economy deteriorated markedly, partly due to the heavy sanctions adopted by the major advanced countries. In order to stabilise the financial system, the Central Bank decided on an unprecedented increase in the official rate to

20 %, then partially reduced it to 14 % in April, provided extensive liquidity support to the banking system and introduced measures to control capital movements. These measures helped to support the rouble, which, after depreciating by almost 70 % against the dollar at the outset of hostilities, has since fully recovered its loss, albeit against a backdrop of significantly reduced trading volume and high volatility. The economic outlook remains highly uncertain: it is conditioned by the duration of the conflict, the effects of the sanctions adopted so far, and the possibility of further and heavier sanctions being imposed. According to IMF forecasts, GDP will shrink by 8.5 % in 2022 and inflation will rise to over 20%.

In 2021, GDP in the euro area rose sharply, after having suffered the most severe contraction in the previous year since the establishment of Economic and Monetary Union. Growth benefited from progress in vaccination campaigns and the associated relaxation of measures to contain the epidemic, budgetary measures to support the economy and the expansionary stance of monetary policy. Consumer inflation rose steadily, affected mainly by the strong acceleration of energy prices; it amounted to 2.6 % on average in 2021, compared to just positive in 2020. In the first months of 2022, commodity price increases continued to push up price dynamics, which reached 7.4 % in March and April, the highest since the start of EMU.

Inflation would also remain high in the remainder of the year. However, the inflationary surge has so far been passed on to a limited extent to wage trend, which, although it has strengthened slightly, remained moderate in the first few months of this year. Italian GDP grew by 6.6% in 2021, recovering two-thirds of the 2020's exceptional contraction due to the health crisis. According to the Quarterly Indicator of the Regional Economy (ITER), the recovery was widespread in all macro-areas, with growth of 7.2% in the Northeast, 6.8% in the Northwest, 6.1% in the Centre and 5.7% in the South. Economic activity was particularly vigorous in the two middle quarters of the year, driven by the easing of restrictions following progress in the vaccination campaigns; however, it slowed down in the fourth quarter, affected by difficulties in the supply of intermediate products, the resurgence of the pandemic and the sharp rises in the price of raw materials, especially energy. On the supply side, value added in industry in the strict sense increased sharply (11.9%). The increase was even more marked in the construction industry (21.3%), supported by tax incentives for upgrading residential property stock. In services, a sector largely exposed to mobility restriction measures and to consumer behaviour that continues to be cautious, the recovery was more moderate (4.5%).





THE INDUSTRIAL AUTOMATION MARKET AND OUR PLANS

The financial year 2021 was characterised as being the best ever in the history of our Group, both in terms of growth, absolute values and profitability.

The undeniable boost of the global market for industrial automation, which has been growing strongly since the fourth quarter of 2020, has favoured the development of all our subsidiaries located around the world. In spite of the continuing difficulties in travel due to the high number of outbreaks and related containment measures, we managed to maintain constant relations with all our companies through digital platforms.

The worldwide automation market was valued at €11.9 billion at the end of 2021, an increase of 21 % versus 2020. The Group's consolidated turnover reached €218 million against €177 million in 2020, a 23 % increase that enabled us to increase our world market share from 1.8 % in 2020 to 1.83 % in 2021.

We successfully completed the negotiations for the acquisition of the Spanish AR Vacuum Technologies, which will be formalized in early 2022. Although AR is a small company, it represents a strategic acquisition for our Group as it gives us the opportunity to further complete our sales range with an extensive assortment of vacuum components.

In the course of 2021, we set up a company in Singapore in which our new area manager for the Asia/Pacific region took up his post. This new entry puts us closer to our companies in Asia and Australia and also allows us to better plan our coverage of new markets in the Far East where we are now virtually absent.

During the year 2021, we completely changed our sales organisation in Finland, providing the company with three new salesmen with specific experience in our field, which is promising well for the near future. In Metal Work Sweden, too, we have hired a new salesman with great experience in our industry, who will soon take over as country manager. The structure of the three Scandinavian subsidiaries is thus defined with one managing director and three country managers who directly coordinate their respective sales forces.

The company American Cylinders, which we have recently taken over, performed very well, guaranteeing us the planning and implementation of some investments that will help it increase its production capacity and the degree of automation of its plants. Our sales company based in Arlington (Texas) also achieved appreciable results in terms of growth, bringing the Group's American market to third place in terms of size.

The first months of 2022 are witnessing further growth from the already excellent numbers achieved in 2021, even though we have legitimate concerns due to the outbreak of war between the Russian Federation and Ukraine and increases in the cost of energy supplies, raw materials, and inflation in general.

In our view, the current year will end on a positive note, though with less growth than in 2021.

Business trend

HIGHLIGHTS

Revenues as at 31 December 2021 amounted to 218,5 million euro. Sales by the parent company Metal Work S.p.A. were highly integrated, in that over 80 % of products were marketed through subsidiaries, serving over 33,000 active customers.

VALUE ADDED INCOME STATEMENT

	31/12/2021	%	31/12/2020	%	31/12/2019	%
Revenues	218.564	100,0%	177.007	100,0%	190.966	100,0%
Cost of goods sold	118.862	54,4%	96.479	54,5%	106.363	55,7%
VALUE ADDED	99.702	45,6%	80.528	45,5%	84.603	44,3%
Personnel expenses	63.920	29,2%	53.788	30,4%	58.472	30,6%
GROSS OPERATING MARGIN (EBITDA)	35.782	16,4 %	26.740	15,1%	26.131	13,7%
Amort.& depreciation, write-downs and provisions	17.290	7,9%	12.986	7,3%	12.830	6,7%
OPERATING INCOME	18.491	8,5%	13.754	7,8 %	13.301	7,0%
Net financial expenses/(income)	500	0,2%	2.687	1,5%	1.030	0,5%
Adjustments to net financial assets	-356	0,2%	306	0,2%	-819	-0,4%
PRE-TAX RESULT (EBT)	18.348	8,4%	10.761	6 ,1%	13.089	6,9 %
Taxes for the year	4.759	2,2%	2.102	1,2%	3.011	1,6%
NET OPERATING RESULT	13.590	6,2%	8.659	4,9 %	10.078	5,3%
Share of profit for minority interests	1.351	0,6%	867	0,5%	1.131	0,6%
Share of Group result	12.238	5,6%	7.792	4,4%	8.947	4,7%

Revenues came to €218.5m, compared with €177m at 31/12/2020, up 23.5 %.

Cost of sales, amounting to €118,862 thousand, accounted for 54.4 % of revenues, compared to 54.5 % in the previous period, confirming continued stability.

Added value, at €99,702 thousand, stood at 45.6 % of revenues, versus 45.5 % in 2020.

Labour costs, totalling €63,920 thousand, accounted for 29.2 %, versus 30.4 % in 2020.

EBITDA came to €35,782 thousand, accounting for 16.4 % of the value of sales (2020: €26,740 thousand, 15.1 % of sales). Amortisation, depreciation, impairments and allowances to provisions amounted to €17,290 thousand (2020: €12,986 thousand), equivalent to 7.9 % (2020: 7.3 %), thereby bringing operating income to €18,491 thousand.

Net financial expenses amounted to €500 thousand versus €2,687 thousand in 2020, with an incidence of 0.2 % versus 1.5 % in 2020, while adjustments to financial assets were positive in the amount of €356 thousand (2020: €306 thousand in the negative) and related to the valuation of securities recognised under current assets and the equity valuation of the only associated company.

Profit before tax amounted to €18,348 thousand, on which taxes accounted for €4,759 thousand, with a tax rate of 25.9 %, compared to 19.5 % in 2020.

Net profit, including minority interest, came to €13,590 thousand (previous year: €8,659 thousand).

Net equity, consisting of the sum of the operating result for the year, depreciation, amortisation, impairments and allowances to risk provisions, amounted to €30,880 thousand, equal to 14.1 % of revenues (previous year: 12.2 %).



BALANCE SHEET FIGURES

The reclassified balance sheet of the Metal Work Group's consolidated financial statements is shown below in thousands of euros:

BALANCE SHEET WITH INVESTED CAPITAL

	31/12/2021	31/12/2020	31/12/2019
Trade receivables	57.504	48.201	51.787
(Trade payables)	-41.559	-30.843	-31.734
Closing inventories	53.465	44.747	45.675
(Other payables)/ Net other receivables	-4.804	-2.873	-2.852
CHARACTERISTIC CURRENT ASSETS	64.605	59.231	62.877
Net non-current assets	108.213	113.340	100.302
Net financial assets	1.895	1.862	2.015
Employee-leave indemnities and other provisions	-8.978	-8.312	-8.407
NET INVESTED CAPITAL	165.736	166.121	156.787
PATRIMONIO NETTO	117.459	110.055	88.641
NET FINANCIAL POSITION	48.277	56.066	68.146
Short-term payables owed to banks	31.518	29.413	36.622
Medium/Long-term payables owed to banks	27.257	34.884	26.605
Short-term payables owed to other lenders	2.861	2.429	2.385
Medium/Long-term payables owed to other lenders	10.867	7.072	9.990
Liquid funds	-19.618	-14.489	-3.945
Other securities	-4.605	-3.239	-3.411
Financial receivables	-3	-2	-101

The reclassified balance sheet shows that current assets related to current operations increased from €59,231 thousand to €64,605 thousand, up €5,374 thousand on 2020.

The value of non-current assets net of depreciation amount to €108,213 thousand. The net carrying value of buildings and land at a consolidated level accounts for €54,950 thousand.

Financial assets amount to €1,895 thousand, versus €1,862 thousand in the previous year, including the equity interest in the associated company Signal S.r.l.

Consolidated shareholders' equity, including the value attributable to minority interests, amounted to $\in 117,459$ thousand; the net financial position decreased by $\in 7,789$ thousand compared to the 2020 figure and is $\in 48,277$ thousand in the negative, after the distribution of extraordinary reserve for $\in 4,077$ thousand during 2021.

At an equity and financial level, the leverage, which measures the ratio between the net financial position and shareholders' equity, illustrates a situation under control and significantly improving:

	2021	2020	2019
NFP/Shareholders' equity	0,41	0,51	0,77

DESCRIPTION OF RISKS

In accordance with the provisions of art. 2428, point 6)-bis, on the use of financial instruments, the Group has for some years now had recourse to derivatives, the sole purpose being to adopt an active management of the risk associated with exchange rate fluctuations, especially for some currencies, such as \in /USD, \in /GBP, \in /PLN, as the company exports in foreign currencies, as well as the risk associated with interest rate fluctuations, since the Group's overall long-term loans are taken out at a floating rate, and also the risk associated with the trend in the price of non-ferrous metals. All these instruments are designed to produce a benefit in economic terms whenever the hedged elements, currency or interest rates, determine a loss or an increase of charges.

In order to cover the risks arising from financial markets, the Group's objectives and policies are based on the following main guidelines:

- foreign exchange risk: by completing transactions with a low-risk profile and good flexibility in terms of overall benefit; guaranteeing an exchange rate in line with the budget value; making transactions for pre-set amounts, in notional terms, in relation to the value of foreign exchange exports; activating fair value hedges and not ones specific to single credits or debits, for both current and future years. More specifically, as at 31.12.2021, the Group did not have any currency options, and had other sales hedging transactions for €2.7 million (2020: €0.9m);
- interest rate risk: by completing transactions with a limited-risk profile and good flexibility in terms of overall benefit; limiting the incidence of financial charges; making transactions for pre-set amounts, in notional terms, in relation to overall financial indebtedness, for each company and the Group as a whole, and not in relation to specific debts or financial transactions. As at 31.12.2021, the Group had established several interest-rate caps of a notional value of €6.6m relating to the framework of the amortisation plans covering financial lease agreements and some IRS contracts of the amount of €3.9m. As at the same date, indebtedness relating to medium- and long-term operations accounted for €53.5m, of which only 26 %, equivalent to €13.8m, is exposed to the risk of rising rates.
- commodity risk: by completing transactions with a limited-risk profile, taking into account, however, that the market
 of commodities used (brass scrap) cannot be correlated with the market trend of the underlying activity (copper). On
 the date on which these financial statements were drawn up, the Group was engaged in a swap transaction on the
 copper market for a notional amount of 200 tonnes;
- credit risk: the Group has taken out various insurance policies hedging the risk of non-collection from customers in certain geographical areas, as well as the risk resulting from all Italian independent customers, with a credit exposure beyond a certain limit. Despite this, the credit risk is monitored through innovative tools and systems that ensure a real-time view of the economic and financial situation of our customers.





INVESTMENTS AND R&D

R&D:

The year 2021 was characterised by the launch of several new pneumatic and electric products on the market.

At the beginning of the year, the new intermediate hinges for ISO 15552 cylinders with a Series-3 liner were released, a much-awaited product as it bridges an application gap. This was followed by the introduction of the F-PLUS range of fittings, which can be used in a food environment and are equipped with a spring coupling and release system, exactly the same as all the other automatic fittings

Early in the year, the new intermediate hinges for ISO 15552 cylinders with a Series-3 liner were presented, a highly anticipated product as it bridges an application gap. This was followed by the release of the F-PLUS range of fittings, which can be used in a food environment and are equipped with a spring coupling and release system, exactly the same as all the other Metal Work automatic fittings.

The new Series 70 low-temperature valves were also released. They can be used down to -40°C and are made up of special materials, treatments and lubricants, making them suitable for use under extreme conditions, including outdoor applications. Still regarding valves, the year 2021 saw the completion of the Safe Air range, with the introduction of the 1/2" version that guarantees high flow rates and can be integrated in the Syntesi Series air treatment units.

On the mechatronic side, we have developed the new BK2 Series belt-driven electric axis, equipped with a solid yet lightweight structure, for strokes up to 4 metres long. The BK2, included in Metal Work Elektro range, has made it possible to expand the range of electric cylinders in both single-axis and gantry configuration. Still on the subject of electric cylinders, the Elektro SSC cylinder was released. It features slim dimensions and simplified components. Completing the new electric cylinders are the two Round and ISO 15552 families with direct current (DC) motors; these user-friendly cylinders allow precise and repeatable handling of loads, without the need for complicated drives. This makes it possible to offer plug-and-play electric cylinders that are also suitable for less experienced users.

Going back to pneumatic products, the year 2021 saw the release of clamping cylinders, in standard (SWC) and Heavy Duty (SWH) versions; this type of cylinder, with roto-linear rod movement, is usually used to stop panels or other objects during processing. These have been joined by the new RNDC Short Series round cylinders, to be offered in applications where cylinder length makes the difference.



Another product introduced during the year is the new Secure Lock rod lock. This device provides a rod lock for ISO 15552 cylinders, in sizes 32 to 125. It is a quality product, often required for suspended load restraint applications, which guarantees excellent repeatability over time.

In terms of handling, the R1 rotary actuator range has been expanded with the addition of the 125 size to the already available offer. This is a solid and robust actuator of proven quality suitable for handling heavy masses.

The most successful product showcased is definitely the Proportional Pressure Regulator built into the EB 80. This component provides electronic regulation of circuit pressure, as the Regtronic Series products already do; the advantages of being integrated into the EB 80 are: system compactness, ease of control and the fact that it can be easily integrated with all the main field buses available on the market.

Other products of lesser impact were also released during the year, with a view to expanding the range of fittings and accessories.

The year 2021 also witnessed a significant growth in technical support, both to colleagues in the sales network and directly to customers. We believe the increase is due to the growing demand for advanced products (such as EB 80 or electric cylinders), the acquisition of new customers and the quality and promptness of the answers provided.

The year 2021 also witnessed a significant growth in technical support, both to colleagues in the sales network and directly to customers. We feel that the increase is due to the growing demand for cutting-edge products (such as the EB 80 and the electric cylinders), the acquisition of new customers and the quality and quick response provided.

Because of the well-known problems in the procurement of components and raw materials due to the general economic situation, during the year the Design Department dedicated several resources to support Logistics and Purchasing in identifying and validating alternative suppliers. This was a very intensive activity, which involved, for example, the evaluation of new gasket suppliers as well as the redesign of several electronic boards that had to adapt to chips available on the market. This turned out to be time-consuming yet necessary to ensure the continuity of production that was our hallmark during the year, even against several competitors. We succeeded in differentiating our sources of supply, while introducing several new suppliers as an alternative to the existing ones.

The costs of the product design department alone, which comprises 22 units (2020: 24 units), amounted to \in 3.18 million (2019: \in 2.68 million), reflecting the company's ongoing commitment to investing in the product and its continuous improvement. During the year, these costs were not capitalised. In 2021, the company invested a total of \in 5,503 thousand (2020: \in 4,662 thousand) in R&D, i.e. in new product developments and their engineering, which accounts for 4.7 % of sales (2019: 5.2 %).



ACTIVITY OF INDIVIDUAL DEPARTMENTS

ICT:

For the ICT department, 2021 was a year of further process optimisation of the SAP ECC system by the approximately 500 users of the 30 Branches using the ERP.

With a view to Industry 4.0, other automated warehouses, each with its own WMS (Warehouse Management System), were added to SAP ECC and installed at Italian and foreign commercial branches with the aim of optimising part of the logistics activities associated with materials handling.

During the year, the project to upgrade the Group's CRM system that had initiated the previous year went ahead, and the migration to the SAP C4C system of all European branches was completed.

Significant functional extensions were implemented on the SAP Hybris system, needed to support the upgrade of certain design and calculation programmes, which were published in support of our product on the Metal Work S.p.A. website.

Technological renovation of sensitive components of the articulated hardware infrastructure that hosts and supports the SAP ECC system was implemented, and a new project was started to upgrade the MPLS network that connects all the branches operating on the ERP to the Concesio site.

With reference to tax fulfilments, the necessary application extensions have been prepared on the ERP to support the new types of documents required as from 2022 in the Electronic Invoicing system, with the aim of drastically reducing the number of Electronic Invoices issued by Metal Work S.p.A. to its Italian subsidiaries in order to limit the complexity and costs associated with their processing, transmission and storage.

A major, very thorough study was carried out over several months in 2021 with the support of a leading international advisory firm, aimed at defining the details for the System Upgrade project of the Group's ERP over SAP S/4 HANA: method of execution, scope of the project, system architecture, timetable for the System Upgrade within the next 2 years.

Industrialisation:

New production areas, new machinery, new assembly and testing stations characterised the work of the Product Industrialisation Department during the year.

Completion of the new hall for plastic moulding and the related relocation of machinery freed up the area required for the expansion of the chip removal production department. It was therefore necessary to plan for the conversion of the area, which will be available by the summer of 2022.

Efforts by the Industrialisation Department were characterised not only by stabilising the production process but also by improving process control activities and, more importantly, by increasing quality during testing.

Using the Kaizen method and involving the production staff in improvement actions, we addressed process control improvement in the production line aimed at increasing efficiency and reducing the value of rejects, the aim being to control more where more is needed and not at set intervals.

Likewise, challenges were faced with the aim of increasing the quality of 'OK at first run' in the assembly and testing area, achieving high quality standards, especially through the collaboration of production staff.

The time elapsing between the customer's need and its satisfaction was of considerable importance in a year also marked by high production demand. Starting from the concept that energy, the staff's professional skills and the organisation to manage resources in the best possible way shouldn't be wasted, special emphasis was placed on shortening lead times in the production area were boosted with the aim of avoiding stoppages of parts already produced.



As part of machining operations before the delivery and distribution of the emulsion to various production machines, some non-performing devices have been replaced and put into operation. As far as the Professional Maintenance project is concerned, on about 50 per cent of the fleet of machinery we continued with the implementation of the first three steps, namely the daily kaizen, reduced chronic fault and response standards. This made it possible to involve all maintenance personnel and to convey, day by day, the culture of improvement, the principles of the 5S and the standardisation of solutions and maintenance personnel actions in the event of a failure.

Workshops and problem-solving sessions were held in the departments where projects coordinated by the Process Improvement Team were developed, taking care to involve staff who had not previously participated in kaizen activities. The simultaneous decrease in health emergencies made it possible to intensify team activities, with an increase in the number of participants of 28 % versus the previous year.

Staff training aimed at increasing the number of operators able to perform a given task in TWI instructions continued, resulting in a 18 % increase of the total training score in the year 2021.

Logistics and "operations":

The value of goods in stock increased significantly in connection with the rise in sales. The physical inventory turnover index increased from 4.5 to 5.6 as a result of higher volumes of goods sold, with more items being renewed within 12 months; the yearly turnover percentage rose from 78 % in 2020 to 84 % on the 2021 closing date. Several factors are driving this increase in terms of absolute value, which can be summarised as follows:

- a) the great difficulty in sourcing materials since June 2021 which led to doubling the delivery lead time in many cases, forcing the company to increase stocks;
- b) the great upward trend in sales since Q2 2021 that was not covered by forecast orders forced the company to issue additional manual orders;
- c) the ongoing expansion of the sales codes handled which results in the availability of component inventories that have a very low turnover rate;
- d) the increase in costs of both raw materials and components leading to an increase in the value of the average cost of products.



In 2021, actions for improvement in the management of the subsidiaries' warehouses were implemented, thereby consolidating a standardised management method implemented in 15 sales subsidiaries in Italy, out of a total of 17. At an initial assessment carried out in June 2021 on some pilot companies, the value of the non-rotating stock of approximately €2.2 million was reduced by €260 thousand, equal to 12%. The project will continue in 2022 by completing the Italian companies (Alfa Meccanica and Eurofit) and will also be extended to two production subsidiaries and to the parent company's logistics.

The new plastic moulding hall was inaugurated during the financial year. The building has been equipped with a photovoltaic system and an air-conditioning system with low environmental impact, which has made it possible to put the operators in a much better comfort condition while minimising energy costs. The renovation of an area of 3500 square metres, which became available after the relocation of the plastic moulding plant and which is suitable for production expansion as per the industrial plan, therefore commenced; the work is scheduled to be completed in the first half of 2022.

Company-Wide Quality Control

In 2021, the Metal Work's Quality Department continued on the way to achieving its objectives.

The company has been constantly investing in kaizen ('continuous improvement') activities, a practice that has the involvement of all employees as a starting point, and which allows the achievement of small daily improvement goals aimed at eliminating waste in every corporate operation. The company believes that the sum of these small improvements represents a considerable advantage in terms of reducing costs and generally maintaining an excellent company climate in which everyone feels involved, each for his or her part. The company feels that the combination of these small improvements provides a considerable advantage in terms of cost reduction and generally maintaining an excellent company climate in which everyone plays their part.

Staff training continued on the subject of communication and teamwork, with particular focus on all new recruits who, in 2021, as in previous years, took part in classroom courses aimed at improving interpersonal relations and teamwork. This enabled all employees to acquire knowledge for the practical application of the methodologies underlying continuous improvement through teamwork.

In terms of certification processes, we have further consolidated the structure of the management systems for which Metal Work has been certified for several years now, in accordance with ISO 9001:2015 for the quality management system, ISO 14001:2015 for the environment and ISO 45001:2018 for the occupational health and safety management system. The three systems are integrated with each other; this means that a large part of the procedures and operating instructions have been structured in a common way for the three systems, thus optimising their internal management and improving their effectiveness.

In particular, the Quality system according to the ISO 9001 standard had already been extended also to most of the Italian and foreign subsidiaries, according to a matrix scheme that provides for the external supervision of the individual operating systems directly by the HQ Quality Management. The three systems were subjected to the annual periodic audit by the German certifying body DEKRA Certifications, with a positive outcome.

In 2021, the managing system dedicated to MOCA (materials and objects in contact with food) was extended to the Group's companies based in Italy to meet market demands in the food sector. Part of the GMP (i.e Good Manufacturing Practices) determined for Metal Work S.p.A. was applied to the same companies. In practice, these are quality assurance aspects that ensure that materials and articles are always manufactured and controlled to guarantee compliance with the applicable regulations and quality standards appropriate to their intended use, without causing a risk to human health or unacceptable changes to the composition of the food product or a deterioration in its organoleptic characteristics.

The reference standards are European regulations 1935/2004, 2023/2006.

Finally, work continued on the management system for products with the IEC Ex marking, which concerns a product line, the EB 80 valve islands, subject to annual verification by Bureau Veritas, based on the EN ISO/IEC 80079-34 standard. In this case too, a specific manual has been drawn up with the relevant procedures and working instructions. As in the case of the MOCA product, of fundamental importance are the procedures for identifying component parts at all stages of the production process, an activity that also involved, to a major extent, some suppliers of strategic components.

Share capital and treasure shares

Pursuant to art. 2428 of the Italian Civil Code, as at 31/12/2021 Metal Work S.p.A.'s share capital amounted to €21,000 thousand euro, the same as that for the previous year.

The share capital is made up of 21,000 thousand shares of a face value of €1 each, 97 % held by Metal Work Holding S.p.A., and the remaining by top management.

During the year the company did not hold nor transacted treasury shares or shares of parent companies, neither directly or indirectly through an intermediary or a trust company.

Outlook

The current financial year at the date of this report will be remembered both for Russia's invasion of Ukraine, which will change the geo-political balance irreversibly, and for the sharp acceleration in inflation, completely unexpected in its dynamics, and, finally, for the wild speculation that has spilled over into the commodities markets in general and electronic components.

Our Group is still growing at a steady rate, but we fear that this growth is set to slow down. Unless unpredictable events disrupt any kind of forecasts, the final value of revenues, at a Metal Work S.p.A. and Group level, will be higher than in 2021, while profitability at an operating level is bound to shrink as a result of rising input prices.

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Concesio, May 26, 2022

The Board of Directors

Chair:	Donatina Dell'Anna	Juli Aque Guodine
Vice-chair:	Riccardo Cavagna	Exp. Qual
Board member:	Gianpietro Gamba	ge f
Board member:	Daniele Marconi	Guare
Board member:	Valentino Pellenghi	Varenz
Board member:	Fausto Rodella	Jacost fordal



CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

ALANCE SHEET	31/12/2021	31/12/2020
NON-CURRENT ASSETS		
I Intangible assets:		
1) Incorporation and extension costs	7.160	13.8
2) Research, Development and Publicity Costs	727.072	845.9
3) Patent rights and intellectual property rights	1.947.394	2.550.0
4) Concessions, licences, trademarks and similar rights	441.463	631.5
5) Goodwill	2.531.847	2.755.7
7) Others	902.322	1.016.6
Total Intangible assets	6.557.258	7.813.7
II Tangible assets:		
1) Land & buildings	54.949.857	51.424.5
2) Plant & machinery	35.285.494	39.210.7
3) Industrial and commercial equipment	8.732.000	9.212.7
4) Other assets	2.130.572	2.425.7
5) Work in progress & down payments	558.221	3.252.7
Total Tangible assets	101.656.144	105.526.4
III Long-term financial assets:		
b) Associates	1.052.995	1.027.4
d-bis) Other companies	38.158	40.9
Total investments	1.091.153	1.068.4
2) Accounts receivable:	449.206	449.2
d-bis) From others	509.596	449.2
- From others - Less than 12 months	509.596	449.2
Total accounts receivable	509.596	449.2
3) Other securities	3.022	2.2
4) Derivatives receivable	294.000	344.4
Total long-term financial assets	1.897.771	1.864.3
TOTAL NON-CURRENT ASSETS (B)	110.111.173	115.204.58

	31/12/2021	31/12/2020
C) CURRENT ASSETS		
I INVENTORIES:		
1) Raw materials, supplies & consumables	10.226.651	7.171.422
2) Work-in-progress & Semi-finished products	10.423.761	7.608.790
3) Work in progress	1.095.502	993.378
4) Finished products and goods	31.705.675	28.916.158
5) Down payments	13.050	56.950
Total inventories	53.464.639	44.746.698
II Accounts receivable:		
1) Trade receivables	54.532.747	44.785.372
- Trade receivables - Less than 12 months	54.532.747	44.785.372
3) From associates	930	904
- From associates – Less than 12 months	930	904
4) From parent companies	2.968.047	3.414.387
- From parent companies - Less than 12 months	2.968.047	3.414.387
5) From entities controlled by parent companies	2.196	-
- From entities controlled by parent companies - Less than 12 months	2.196	-
5 bis) Tax assets	6.077.942	4.448.749
- Tax assets - Less than 12 months	6.077.942	4.448.749
5 ter) Prepaid taxes	3.144.772	3.678.875
- Prepaid taxes – Less than 12 months	1.320.833	1.456.121
- Prepaid taxes – Over 12 months	1.823.939	2.222.754
5 quater) From others	1.823.599	1.067.638
- From others - Less than 12 months	1.823.599	1.067.638
Total accounts receivable	68.550.233	57.395.925
III Financial assets other than non-current assets		
6) Other securities	4.604.725	3.239.396
Total Financial assets other than non-current assets	4.604.725	3.239.396
IV Cash and cash equivalents:		
1) Bank and postal deposits	19.448.432	14.337.735
2) Cheques	1.592	6.934
3) Cash on hand	167.956	144.664
Total cash and cash equivalents	19.617.980	14.489.333
TOTAL CURRENT ASSETS (C)	146.237.577	119.871.352



	31/12/2021	31/12/2020		
D) PREPAYMENTS AND ACCRUED INCOME				
- Prepayments and accrued income	1.244.489	865.589		
TOTAL ASSETS	257.593.239	235.941.521		
A) SHAREHOLDERS' EQUITY:				
I Share capital	21.000.000	21.000.000		
II Share premium reserve	19.324.088	19.324.088		
III Revaluation reserves	14.341.517	14.341.517		
IV Legal reserve	3.700.000	3.400.000		
VI Other reserves, indicated separately	19.619.396	18.976.011		
Currency translation reserve	-3.568.290	-4.131.624		
Group's consolidation reserve	8.134.049	8.965.160		
Other reserves	15.053.637	14.142.475		
VIII Profit (losses) to be brought forward	20.929.998	18.425.724		
IX Profit(loss) for the year	12.238.299	7.792.178		
TOTAL SHAREHOLDERS' EQUITY (A)	111.153.298	103.259.518		
Minority shareholders' equity and reserves	6.305.556	6.795.851		
TOTAL SHAREHOLDERS' EQUITY AND MINORITY SHAREHOLDERS' EQUITY AND RESERVES	117.458.854	110.055.369		
B) PROVISION FOR CONTINGENT LIABILITIES AND CHARGES				
1) Provision for retirement and similar benefits	613.920	579.785		
2) For taxes	1.210.017	1.216.237		
3) Financial derivatives liabilities	55.714	-		
4) Others	662.661	323.083		
TOTAL PROVISION FOR CONTINGENT LIABILITIES AND CHARGES	2.542.312	2.119.105		
C) PROVISION FOR EMPLOYEES' SEVERANCE PAY	6.435.251	6.193.088		
D) DEBTS AND OTHER LIABILITIES				
4) Bank borrowings	58.774.160	64.296.878		
- Bank borrowings - Less than 12 months	31.517.139	29.413.260		
- Bank borrowings - Over 12 months	27.257.021	34.883.618		
5) Borrowings from other lenders	13.728.720	9.500.242		
- Borrowings from other lenders - Less than 12 months	2.861.493	2.428.514		
- Borrowings from other lenders - Over 12 months	10.867.227	7.071.728		
6) Down payments	546.229	382.002		
- Down payments - Less than 12 months	546.229	382.002		
7) Trade creditors	39.383.594	29.445.449		
- Trade creditors - Less than 12 months	39.383.594	29.445.449		

	31/12/2021	31/12/2020
10) Payables to associates	1.039.822	838.540
- Payables to associates - Less than 12 months	1.039.822	838.540
11) Payables to parent companies	1.135.470	507.164
- Payables to parent companies - Less than 12 months	1.135.470	507.164
11-bis) Payables to entities controlled by parent companies	-	51.850
- Payables to entities controlled by parent companies – Less than 12 months	-	51.850
12) Taxation	5.068.966	3.954.844
- Taxation - Less than 12 months	5.068.966	3.527.848
- Taxation – Over 12 months	-	426.996
13) Social security contributions	3.392.644	2.970.500
- Social security contributions - Less than 12 months	3.392.644	2.970.500
14) Others	6.109.832	4.318.879
- Others - Less than 12 months	6.109.832	4.318.879
TOTAL DEBTS AND OTHER LIABILITIES (D)	129.179.437	116.266.348
E) ACCRUALS AND DEFERRED INCOME		
- Accruals and deferred income	1.977.385	1.307.611
TOTAL LIABILITIES	257.593.239	235.941.521



NCOME STATEMENT	31/12/2020	31/12/2019
PRODUCTION VALUE		
1) Revenue from goods sold and services rendered	218.563.886	177.007.36
2) Changes on stocks of work-in-progress, semi-finished products and finished products	3.651.296	-1.788.02
3) Changes in work in progress to order	102.124	-354.54
4) Increase in Non-current assets from internal work	1.288.701	362.21
5) Other revenue and income:	3.044.876	3.759.49
- Contributions in trading account	790.876	1.234.63
- Others	2.254.000	2.524.84
TOTAL PRODUCTION VALUE (A)	226.650.883	178.986.52
PRODUCTION COSTS:		
6) For raw materials, supplies, consumables and goods	84.835.437	60.337.3
7) For services	40.006.865	34.121.0
8) For hire, purchase and leasing charges	3.328.333	3.259.7
9) For personnel:	63.920.467	53.787.9
a) Salaries and wages	44.752.624	39.342.4
b) Social security contributions	12.291.662	10.695.7
c) Provision for employees' severance pay	1.984.667	1.815.6
e) Other personnel costs	4.891.514	1.934.0
10) Depreciation, amortisation & write-downs:	16.929.425	12.933.7
a) Amortisation of Intangible assets	2.293.982	1.966.8
b) Depreciation of tangible assets	14.255.074	10.555.4
d) Provision for doubtful accounts current assets and cash on hand	380.369	411.4
11) Changes in stocks of raw materials, supplies, consumable and goods	-2.318.652	-340.1
12) Provision for contingent liabilities	311.843	3.1
13) Other allowances	49.156	49.1
14) Other charges	1.096.753	1.079.6
TOTAL PRODUCTION COSTS (B)	208.159.627	165.231.70
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS (A - B)	18.491.256	13.754.81
FINANCIAL INCOME AND EXPENSES:		
15) Investment income:	167.068	47.8
- from subsidiaries	77.436	
- From others	89.632	47.8
TOTAL INVESTMENT INCOME	167.068	47.88

	31/12/2020	31/12/2019
16) Other financial income:	180.279	675.322
b) from securities under non-current other than equity investments	231	1.219
c) from securities under current assets other than equity investments	73.018	8.039
d) income other than previous items:		
- from others	107.030	666.064
TOTAL OTHER FINANCIAL INCOME	180.279	675.322
17) Interest and other financial charges:	1.525.858	1.836.595
- from others	1.525.858	1.836.595
TOTAL INTEREST AND OTHER FINANCIAL CHARGES	1.525.858	1.836.595
17 bis) Exchange gains and losses	678.899	-1.573.828
TOTAL FINANCIAL INCOME AND EXPENSES (15 + 16 - 17 +/- 17 bis)	-499.612	-2.687.221
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		
18) Re-valuations:	433.382	1.149
- of equity investments	52.038	
- long-term financial assets other than equity investments	360.493	1.149
- of financial derivatives	20.851	-
19) Write-downs:	76.565	307.072
- of equity investments	-	26.529
- long-term financial assets other than equity investments	-	280.543
- of financial derivatives	76.565	-
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (18 - 19)	356.817	-305.923
PROFIT/ (LOSS) BEFORE TAXATION (A - B +/- C +/- D)	18.348.461	10.761.671
20) Current, deferred and prepaid income tax	4.758.956	2.102.311
- current tax	4.885.071	1.829.249
- previous year taxes	9.043	-
- deferred and prepaid tax	117.072	273.062
21) NET PROFIT (LOSS) FOR THE YEAR included the portion pertai- ning to minority interests	13.589.505	8.659.360
22) Portion of profit (loss) pertaining to minority interests	1.351.206	867.182
23) NET PROFIT (LOSS) FOR THE YEAR	12.238.299	7.792.178



CASH FLOW STATEMENT	31/12/2021	31/12/2020		
A. Cash flows generated by operating activities (indirect method)				
Profit (loss) for the year	13.589.505	8.659.360		
Income taxes	4.404.288	1.747.643		
Interest expenses (interest income)	666.680	2.735.101		
(Dividends)	-167.068	-47.880		
1. Profit (loss) for the year before income taxes, interest,	18.493.405	13.094.224		
dividends and capital gains/losses from the sale of assets				
Adjustments for non-cash items that had no contra-entry in net working capital	360.999	52.262		
Allocations to provisions	16.549.056	12.522.285		
Non-current amortisation and depreciation	-304.779	305.923		
Other adjustments for non-cash items	35.098.681	25.974.694		
2. Cash flow before changes in net working capital				
Changes in net working capital	-8.717.941	928.602		
Decrease/(increase) in inventories	-9.303.257	3.586.440		
Decrease/(increase) in trade receivables, subsidiaries and associates	-2.385.154	1.065.13		
Decrease/(increase) in tax assets and other receivables	534.103	73.48		
Decrease/(increase) in prepaid tax assets	10.715.883	-890.67		
Increase/(decrease) in trade payables, subsidiaries and associates	1.217.954	-3.970.657		
Increase/(decrease) in tax liabilities, social security and other liabilities	-378.900	185.877		
Decrease/(increase) in prepaid expenses and accrued income	669.774	129.28		
Increase/(decrease) in accrued expenses and deferred income	62.208	-142.38		
Net change in provision for contingencies and charges	242.163	-4.900		
Net change in employee-leaving indemnity	164.227	62.660		
3. Cash flow after changes in net working capital	27.919.741	26.997.559		
Other adjustments				
Interest received (paid)	-617.050	-2.735.10		
(INCOME TAXES PAID)	-4.404.288	-1.747.643		
Dividends received	167.068	47.880		
4. Cash flow after other adjustments	-4.854.270	-4.434.864		
Cash flow from operating activities (A)	23.065.471	22.562.695		

	31/12/2021	31/12/2020
B. Cash flows generated by investment activities		
Tangible assets		
(Investments)	-13.886.000	-6.708.379
Realizable price of divestments	3.501.274	1.773.186
Intangible assets		
(Investments)	-1.067.000	-1.660.844
Realizable price of divestments	29.496	312.075
Financial assets		
(Investments)	-89.133	-282.478
Realizable price of divestments	0	227.654
Financial assets other than non-current assets		
(Investments)	-1.365.329	0
Realizable price of divestments	360.493	172.514
Cash flows generated by investment activities (B)	-12.516.199	-6.166.272
C. Cash flows generated by funding activities		
Loan capital		
Increase (decrease) in financial liabilities	9.931.130	-20.956.488
Opening of loans	3.000.000	28.151.000
Loan repayment	-14.275.000	-9.000.000
Equity		
Dividends (and advances on dividends) paid	-4.076.755	-4.046.600
Cash flow generated by funding activities (C)	-5.420.625	-5.852.088
Increase (Decrease) in cash and cash equivalents (A \pm B \pm C)	5.128.647	10.544.335
Cash and cash equivalents – opening balance	14.489.333	3.944.998
Cash and cash equivalents – closing balance	19.617.980	14.489.333
Increase (Decrease) in cash and cash equivalents	5,128,647	10.544.335



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Structure and contents of the Consolidated Financial Statements

To the shareholders,

the Metal Work Group's consolidated financial statements as at 31.12.2021, submitted for your approval have been prepared in accordance with Legislative decree no. 127/1991 (Chapter III), implementing the VII EEC Directive. They have been drawn up by Metal Work S.p.A., the parent company of the industrial branch of the larger Group headed by Metal Work Holding S.p.A. The company is required to draw up Consolidated Financial Statements pursuant to article 27, subsection 3, of Legislative Decree no. 127/1991.

The cash flow statement shows the plus and minus changes in cash flows in the reporting year, using the indirect method, according to the layout envisaged in the accounting standard OIC 10. The figures in the balance sheet, the income statement and the cash flow statement are expressed in euros, without decimals, while the figures in the explanatory notes are expressed in thousands of euros, unless specified otherwise. Items amounting to zero in the current and the previous year are not reported in the financial statements.

If the information required by specific provisions of law is not sufficient to give a true and correct representation, supplementary information deemed necessary for the purpose is provided. In particular, the following information was provided in the Explanatory Notes in tabular form:

- the statement reconciling the Parent's shareholders' equity and the operating result with the shareholders' equity and the operating result of consolidated financial statements;
- the statement of changes in consolidated net shareholders' equity accounts.

As for the Group's activities and the relations with associates, parent companies, companies under common control and other correlated parties, reference is made to the Business Report prepared by the Parent's directors in support of these consolidated financial statements.

Events of significance occurring after the closing date and the overall amount of commitments, guarantees and potential liabilities not emerging from the balance sheet are reported in specific paragraphs in these Explanatory Notes.



Metal Work S.p.A., the parent company, is in turn controlled by Metal Work Holding S.p.A., with registered office in Concesio, which prepares the consolidated financial statements of the largest number of companies to which the Metal Work Group belongs. These consolidated financial statements are made available at the company's registered office.

No exceptional events occurred such as to involve derogations to the application of regulations governing consolidated financial statements aimed at providing the required true and fair representation. There were no exceptional events that determined a change to the assessment criteria compared to the previous year, thus no recourse was made to the provisions under art. 2423-bis, subsection 2, of the Italian Civil Code.

Figures for the previous year have been included for comparative purposes. In accordance with article 2423 of the Italian Civil Code, we note that the balance sheet and income statement drawn up pursuant to articles 2424 and 2425 of the Italian Civil Code and amended in accordance with the provisions of article 2, subsection 1, of Legislative decree no. 127/91, along with the statement of changes in the financial position, provide the information necessary to give a true and fair view of the Group's financial position and operating results.

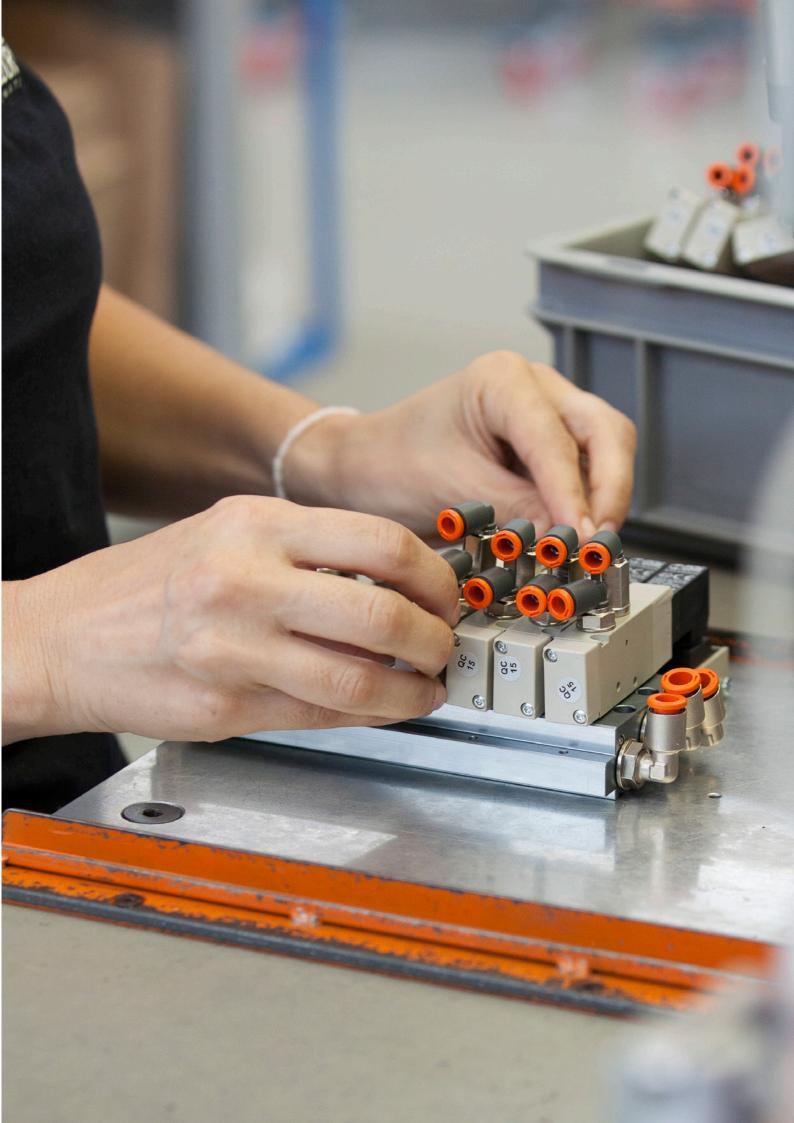
The consolidated financial statements have been audited by KPMG S.p.A. pursuant to art. 2409-bis of the Civil Code.

Details of the Group and consolidated holdings

The Metal Work Group's consolidated financial statements include the financial statements of Metal Work S.p.A. (hereinafter also referred to as the 'Parent') and those of the subsidiaries in which the Parent has a majority take pursuant to art. 26 of Legislative Decree no. 127/91. As at 31 December 2021, the companies included in the scope of consolidation using the full consolidation method in accordance with art. 38, subsection 2, letter a), of Legislative Decree no. 127/91 were the following:



	Company	Registered Office	Share capital in currency
1	Metal Work Service S.r.l.	Brescia	150.000€
2	Metal Work Service S.r.l.	Oggiono (LC)	99.000 €
3	Metal Work Service S.r.l.	Arcore (MB)	99.000 €
4	Metal Work Service S.r.l.	Verdellino (BG)	99.000 €
5	Metal Work Service S.r.l.	Bologna	50.000 €
6	Metal Work Service S.r.l.	Cremona	90.000 €
7	Metal Work Service S.r.l.	Modena	50.000 €
8	Metal Work Service S.r.l.	S.Pietro Mosezzo (NO)	50.000 €
9	Metal Work Service S.r.l.	Parma	99.000 €
10	Metal Work Service S.r.l.	Coriano (RN)	99.000 €
11	Metal Work Service S.r.l.	Paese (TV)	80.000 €
12	Metal Work Service S.r.l.	Marano (VI)	99.000 €
13	Metal Work Service S.r.l.	S.Giorgio Bigarello (MN)	90.000 €
14	Metal Work Service S.r.l.	Verona	50.000€
15	Metal Work Service S.r.l.	Corato (BA)	25.000€
16	Metal Work Service S.r.l.	Rivalta (TO)	99.000€
17	Metal Work Service S.r.l.	Prato	90.000 €
18	Eurofit S.r.l.	Cazzago S.Martino (BS)	100.000€
19	Alfa Meccanica S.r.l.	Treviolo (BG)	33.000 €
20	Meridian S.r.l.	Cazzago S.Martino (BS)	80.000 €
21	Assemblaggi Ind.li S.r.l.	Concesio (BS)	80.000 €
22	Tecnopolimeri S.r.l.	Concesio (BS)	80.000 €
23	Fluid Force S.r.l.	Bedizzole (BS)	50.000€
24	Metal Work Automation S.r.l.	Concesio (BS)	20.000 €
25	VDM S.r.I.	Concesio (BS)	50.000 €
26	Metal Work UK Ltd	Milton Keynes	£60.000
27	Metal Work France S.a.r.l.	Saint Thibault des Vignes	300.000 €
28	Metal Work Deutschland Pneumatic Gmbh	Landsberg	600.000 €
29	Metal Work Nederland B. V.	Ede	150.000 €
30	Metal Work Sverige AB	Vellinge	300.000 kr
31	Metal Work Iberica S.A.	Barberà del Valles	600.000 €
32	Metal Work Danmark A/S	Greve	kr 1.000.000
33	Metal Work Pneumatic (Thailand) Company Ltd	Nonthaburi	THB 1.000.000
34	Metal Work Pneumatic U.S.A. Inc.	Arlington Texas	\$200.000
35	Metal Work Pneumatic (M) Sdn Bhd	Selangor	R250.000
36	Metal Work Polska Sp. Z o.o.	Poznan	200.000 zł
37	Metal Work Finland Ltd	Jarvenpaa	70.000 €
38	LLC Metal Work Ukraine	Kiev	3.500.000 UAH
39	Metal Work Pneumatic Australia Pty. Limited	Dandenong South	19 AUD
40	Metal Work Pneumatic Components (Shangai) Ltd	Shangai	¥5.925.177
41	Metal Work Partecipacoes Societarias Ltda	San Leopoldo	R\$ 24.000.000
42 43	Metal Work Pneumatic India Private Ltd Metal Work Pneumatik Gmbh	Bangalore Frauenfeld	IDR 11.055.050 CHF 100.000
44	Metal Work Pneumatic CZ s.r.o.	Ostrava	CZK 2.000.000,00
45	O.O.O. Metal Work Pneumatic	Mosca	RUR 32.000.000
46	PT Metal Work Pneumatic	Tangerang	INR 7.870.800.000
47	Metal Work Pneumatic South Africa (Pty) Ltd	Durban	ZAR 7.250.000
48	Metal Work Pneumatic Srl	Timis	670.000 RON
49	Metal Work Pneumatic Pte Ltd	Singapore	150.000 SDG





During the year, the scope of consolidation changed as a result of actions taken by the parent Metal Work S.p.A., namely:

- the establishment of Metal Work Pneumatic PTE (Singapore), based in Singapore, of which it holds the entire share capital;
- the transfer of 7 % of the shares making up the share capital of Metal Work Uk Ltd;
- the transfer of 10 % of the shares representing the share capital of the Parma-based Metal Work Service S.r.l.;
- the takeover of 9 % of the shares representing the share capital of Assemblaggi Industriali S.r.l.;
- the takeover of 30 % of the shares representing the share capital of Alfa Meccanica S.r.l.;
- the takeover of 4,74 % of the shares representing the share capital of Metal Work Automation S.r.l.;
- the takeover of 2 % of the shares representing the share capital of VDM S.r.l.

The equity investments listed above are held directly by Metal Work S.p.A. without the intervention of trust companies or intermediaries. The parent also indirectly holds:

- Metal Work Portugal Lda, entirely controlled by Metal Work Iberica, SA;
- Metal Work Pneumatic do Brasil Lda, 85 % controlled by Metal Work Partecipacoes Societarias Lda;
- American Cylinder, entirely controlled by Metal Work Pneumatic USA.

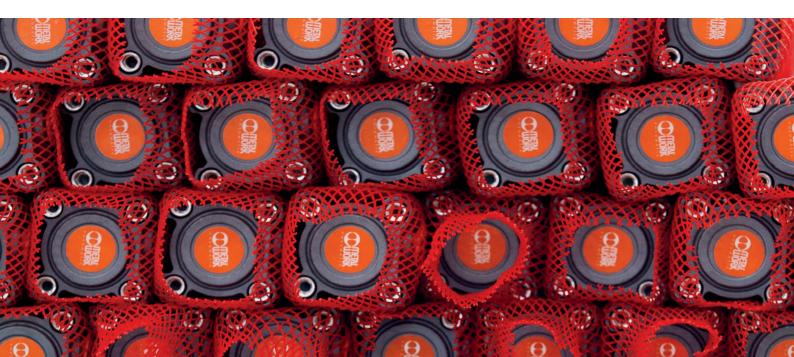
No companies have been consolidated using the proportional method in accordance with article 37 of Legislative decree no. 127/91.

Pursuant to article 39, subsection 3, of Legislative decree no. 127/91, it should be noted that in the course of the year there were no changes in the general makeup of the companies included in the scope of consolidation, except for the merger by incorporation of Duebi S.r.l. into Spmc S.r.l., which subsequently changed its name into Metal Work Auotmation S.r.l.

The date of reference of the consolidated financial statements and the closing data of the financial statements to be included in the scope of consolidation coincide with those of the Parent and most of the companies included in the scope of consolidation, namely the subsidiary Metal Work Pneumatic India Private Ltd, which closes the financial statements as at 31 March, is included in the scope of consolidation on the basis of the interim annual financial statements as at the date of the consolidated financial statements.

Disclosure on the presentation of true and fair Financial Statements

The format of the financial statements is that required by Legislative Decree no. 127/91. They have been drawn up in a clear manner and they truthfully represent the overall financial position and results of the companies included in the scope of consolidation.



Consolidation criteria and method

The consolidated financial statements have been prepared on the basis of financial statements approved at annual general meetings or by the governing bodies of consolidated companies, adjusted, where necessary, in order to align them with the Group's accounting standards or on the basis of financial information (so-called 'reporting package') made available by the consolidated companies and prepared in accordance with Parent's instructions.

The accounting policies adopted in the preparation of consolidated financial statements are those adopted by the Parent when preparing its financial statements or those adopted by most of the consolidated companies, subject to the principle of valuation of equity investments in associates using the equity method instead of the cost method and the accounting processing of leased financial assets, as illustrated below in these explanatory notes.

The items under assets and liabilities of the same or similar denomination and contents, appearing in the financial statements of Group companies and intended to be included in the same items of the consolidated financial statements are valued according to the same criteria.

In the consolidated financial statements, the figures under assets, liabilities, revenues and charges and cash flows of companies that are directly or indirectly controlled by the Parent are consolidated according to the line-by-line consolidation method.

Subsidiaries have been consolidated on a line-by-line basis. This method involves the application of the following criteria:

- a) the carrying value of individual consolidated equity investments is written off against the corresponding portion of Shareholders' equity (net of minority interests), while all their assets and liabilities as well as associated income and charges are included;
- b) intra-group payables, receivables and all transactions are written off;
- c) income and losses from commercial and financial intra-group transactions are written off, net of deferred and prepaid taxes;
- d) income and expenses relating to intra-group transactions are written off;
- e) the greater value paid for the equity investments compared with the Shareholders' equity of the subsidiary at the acquisition date is stated in a special item under assets called "Goodwill", where it is not possible to allocate such value to a specific item under the assets of the company included in the consolidation scope;
- f) amortisation of the "Goodwill" under assets;
- g) when a company is first consolidated, the lower of equity investments in that company and the same company's Shareholders' equity is recorded under "Consolidation reserve" as part of the consolidated shareholders' equity..

The consolidation difference has not been offset, neither implicitly nor explicitly, with the consolidation reserve; considering that no unfavourable economic results are expected, the decreased carrying value of equity has never been attributed to the consolidation provision for future risks and charges.

The associated companies have been consolidated using the equity method. The main criteria adopted for the application of said method contemplate:

- a) the maintenance in the Consolidated Financial Statements of the "equity interest" item relating to the associates included in the scope of consolidation;
- b) the adaptation of the equity interest value to the adjusted portion of the associate's shareholders' equity, with reference to the Financial Statements ended on 31.12.2021.

Disclosure on accounting standards and valuation criteria

The financial statements of the subsidiaries have been drawn up using the same accounting policies applied by the parent company.

The assessment criteria used to value the various items comply with article 2426 of the Italian Civil Code. The criteria used to value the items in the consolidated financial statements are substantially the same as those applied in the previous year,



and we give our approval thereto. The various items of the financial statements were assessed in accordance with the general principles of prudence and accrual, on a going-concern basis; the items were measured and reported taking into consideration the substance of the transaction or contract, where compatible with the provisions of the Italian Civil Code and the Italian Accounting Standards Setter (OIC).

Pursuant to article 2423-ter of the Italian Civil Code, it must be noted that no balance sheet or income statement items have been grouped together.

The consolidated financial statements were prepared in line with the following principles, which were also used to prepare the statutory financial statements of the individual consolidated companies:

the principle of prudence, i.e., entering at the reporting date only the profits realised and all the risks pertaining to the year, even when they arise after the closing date;

the going-concern principle, i.e., the assumption, implicit in the accounting and valuation policies adopted, that the company will continue to operate normally in the future.

the accrual principle, whereby the effects of transactions and events are allocated to the year to which they pertain and not necessarily to the year in which the movements take place.

The assumptions of consistency in the evaluation, relevance and comparability of information have also been complied with.

In application of the above-mentioned assumptions:

- the valuation of the elements making up the individual items under assets and liabilities took place separately to avoid that the plus-value of some items could offset the minus-value of others. In particular, profits were included only if realized by the closing date of the financial year, while risks and losses pertaining to the financial year were taken into account, even if known after the closing date;
- income and charges pertaining to the financial year were taken into account regardless of the date of collection or payment. Accrual is the method of accounting in which all income and expenses are recognised on the income statement at the time they are earned or occurred for the purpose of determining the operating result of the year;
- the directors made a prospective assessment of the company's capacity to set up an efficient economic complex intended to generate income for a foreseeable time, covering a period of at least twelve months from the reference reporting date. The assessment did not identify any significant uncertainties regarding this capacity;



- the identification of rights, obligations and conditions was based on the contractual terms of transactions and their comparison with the provisions of the accounting standards to ascertain the correctness of the entry or the write-off of balance sheet or income statement items;
- the assessment criteria did not change compared to the previous year in order to obtain a homogeneous measurement of the company's results over the years.

VALUATION CRITERIA

Intangible assets

Intangible assets are stated at acquisition or production cost, including directly related charges, while those received are shown at their expert appraisal value. They are shown net of amortisation, which is charged on a straight-line basis in accordance with their residual income-generating potential. More specifically, intangible assets are amortised using the same criteria used in the previous year.

Incorporation and extension costs	5 years
Patent rights and intellectual property rights	3-5 years
R&D costs	4 years
Trademarks	10-20 years
Consolidation difference	10 years
Goodwill	10 years
Other intangible assets	5 years or over the residual duration of the underlying contract

Tangible assets

Tangible assets are stated at acquisition or production cost, including directly related charges and any monetary revaluations made in accordance with the applicable law. Tangible assets received upon conferral are shown at their expert appraisal value. No value of tangible assets was found to be considerably below the carrying value.



It should be noted that in the 2020 financial statements, the Group's Italian companies revalued assets pursuant to Law No. 126/2020, in accordance with the methods indicated by the relevant regulatory provisions. The revaluation, with statutory and fiscal validity, concerned assets recognised in the financial statements for the year ended 31 December 2019. Worth mentioning is that the amortisation of the revalued amounts took place starting from the year 2021. The revaluation amounted to a total of €22,405 thousand, €14,785 thousand of which were recognised in the financial statements of the consolidating company Metal Work S.p.A.

Depreciation allowances recognised to the income statement have been calculated in a systematic, constant way on the basis of the rates deemed representative of the expected useful life of the assets.

The following table details the depreciation rates applied by the Group, which remained unchanged compared to the previous year.

Asset	Rate
Buildings	3%
Specific and generic plant	10%
Ordinary and automatic machinery	10%
Equipment	20% - 25%
Moulds	18%
Gauges / Tools	25%
Electronic machinery	20% - 25%
Ordinary office equipment	10% - 12%
Vehicles	25%
Means of transport	20%
Furniture	10% - 12%
Telephone systems	20%

Tangible assets acquired under finance lease contracts are stated in accordance with IAS 17, at the purchase cost paid by the lease company, depreciated in line with the rate applicable to each asset. On the other hand, the amount payable to the lease company equal to the principal amount of future lease instalments is recorded under "Borrowings from other lenders". Depreciation and financial charges are recognised to the income statement in place of the instalments paid.

At each reporting reference date, the company assesses whether there are any signs of a permanent impairment of tangible and intangible assets. If such evidence exists, the carrying amount of assets is reduced to its recoverable value, intended as the greater of the fair value less any selling costs and its value-in-use. If the recoverable value of each asset cannot be estimated, the company estimates the recoverable value of the cash-generating unit (CGU) to which that asset belongs. The value-in-use of an asset is calculated by determining the current value of expected future cash flows, by applying a discount rate that reflects the current market monetary valuation and the specific risks associated to the asset. A permanent impairment is recognised if the recoverable value is less than the net carrying amount.

Any write-downs due to impairment are reinstated if the reasons that justified it no longer exist. The reinstatement cannot exceed the value that would have been determined if no impairment had been recognised. No reinstatement is made on goodwill and deferred charges.

Tangible assets for parent and the group companies are revalued, within the limits of their recoverable value, only in cases where this is contemplated and permitted by law in the countries of reference.

The useful life of the assets, checked by the directors, is appropriate and consistent with the specific characteristics and prospects of use of each asset in the company's production context, and is based on analyses and estimates made by the directors.

Financial assets

Financial assets, which mainly consist of securities and minority interests, are recognised at the acquisition cost, adjusted as required in the case of lower realisable value or permanent impairment losses.

Inventories

Inventories are valued at the lower of acquisition or production cost and realisable value based on market trends (i.e., the replacement value of raw materials or net market value of finished products). The cost of convenience goods was determined using the LIFO method with annual increases. The value of the closing stock of the subsidiaries that distribute Metal Work products is net of the contribution margin made by the parent company on the products in stock. The fiscal effect of this adjustment has been duly noted in the provision for "Prepaid taxes".

For internally-developed goods, the cost of manufacture includes the cost of raw materials, components, energy, direct labour costs and production and industrial overheads, for the portions allocated to products. For semi-finished products and work in progress, the cost of manufacture is determined on the basis of the production stage achieved.

Receivables

Receivables entered in the balance sheet reflect the right to demand, at an identified or identifiable maturity, fixed or determinable monetary amounts to be collected from customers or other entities. Receivables are carried at amortised cost, taking account of the time factor and estimated realisable value.

Discounts and rebates of a financial nature that did not contribute to determine the estimated realisable value as they could not be foreseen at the time of the initial recognition of the asset are recognised at the time of collection as financial charges.

The amortised cost method is not applied to cases where its effects are insignificant, generally for short-term receivables or when transaction costs, commissions paid by the parties and any other difference between initial value and expiration date of the credit are of little significance.

Trade receivables maturing at more than 12 months from initial recognition, bearing no interest or bearing contractual interests significantly different from the market interest rates, are initially recognised at the value calculated by discounting future cash flows at the market interest rate. Any difference between the initial recognised value of the so-determined receivable and the value at maturity must be recognised in the income statement as financial income over the duration of the credit, using the effective interest rate method.

With reference to the estimated realisation value, the carrying value of receivables is adjusted through an impairment allowance to take into account of any probable impairment loss. In this regard, specific indicators, experience and any other useful element evidencing a probable impairment loss are taken into account. The provision for doubtful debts is estimated by analysing each receivable of significance and at a portfolio level for the remaining receivables, determining the losses that are expected on existing receivables at the reporting date.

Financial assets other than non-current assets

Securities listed under assets that are held as short-term investments are valued at the lower of purchase or subscription cost and the market value at the reporting date. The write-downs to adjust the cost to the market value are allocated to a provision for losses on securities, which is deducted from their carrying value.



Cash and cash equivalents

They represent the positive balance of bank and postal accounts, cheques, cash and other monetary values on hand at the reporting date. Bank and postal accounts and cheques are valued at their estimated realisable value, cash on hand and revenue stamps at their nominal value, while foreign currency cash and cash equivalents are valued at the exchange rate prevailing at the reporting date.

Prepayments and accruals

Accrued income and prepaid expense are portions of income and costs pertaining to the current year but will be recognized in subsequent years.

Deferred income and accrued expense are portions of income and costs recognised in the current year or in previous years but are attributable to one or more subsequent years. Therefore, these items only contain the income and costs common to two or more years, the extent of which varies depending on the actual or recording time.

At the end of each financial year, the Company verifies that the conditions that led to their recognition have been complied with and, if necessary, the required adjustments have been made. In particular, in addition to the time factor, the expected realisation value is taken into account for accrued income, while for prepaid expense the existence of the future economic benefit related to deferred costs is taken into consideration.

Provision for contingent liabilities and charges

Provisions for contingent liabilities and charges are certain or probable liabilities of a determined nature, whose amount or date of occurrence is undetermined. In particular, provisions for contingent liabilities represent liabilities of a determined nature and probable existence, the values of which are estimated, while provisions for charges represent liabilities of a determined nature and certain existence, estimated in the amount or on the date of occurrence, connected to obligations already assumed on the closing date, but which will have a numerical disclosure in subsequent years.

Allowances to the provision for contingent liabilities and charges are recognised in the relevant items of the income statement, privileging the classification criterion by nature of costs. The amount of allowances to this provision is measured by referring to the best cost estimate, including legal fees, at the date of each financial statements and is not subject to discounting.

The provisions are subsequently used directly and only to cover expenses and liabilities for which the provisions were originally created. Any negative differences or surpluses with respect to charges actually incurred are recognised in the income statement, in line with the original amount set aside.

Employee severance indemnity

The employee severance indemnity (TFR) is an element of the remuneration to which employees are entitled when they terminate their employment relationship, pursuant to art. 2120 of the Italian Civil Code and taking into account the regulatory changes made by Law 296/2006. It corresponds to the total of the accrued indemnities, in relation to all forms of continuing remuneration and net of any advances or part payments made under collective or individual bargaining agreements for which reimbursement is not requested, and net of any portions transferred to supplementary pension funds or the treasury fund managed by the Italian Social Security Institute (INPS).

This liability corresponds to the amount that the company should have paid to the employees in the event that the employment relationship ceased on the financial statements closing date. The severance indemnity amounts relating to employment relationships terminated on the closing date and to be paid in the following year are classified under payables.

Payables

Payables are liabilities of a determined and certain existence that represent obligations to pay fixed or determinable monetary amounts to lenders, suppliers and other entities. The classification of debts among the various items is carried out on the basis of their nature (or origin) in relation to ordinary management, regardless of the period time within which the liabilities must be written off.

Payables originating from purchases of goods are recognised on completion of their production process and when the substantial transfer of title has occurred, taking as a benchmark the transfer of risks and benefits. Payables relating to services are recognised when the services are received, i.e. when the service has been provided. Payables relating to funding and those arising for reasons other than the acquisition of goods and services are recognised when the obligation for the company to pay the other party occurs. Payables for down payments from customers are recognised when the right to receive the down payment arises.

The amortised cost method is not applied to cases where its effects are insignificant, generally for short-term payables or when transaction costs, commissions paid by the parties and any other difference between initial value and expiration date of the debt are of little significance.

Foreign currency transactions, assets and liabilities

Assets and liabilities arising from foreign currency transactions are initially recognised in euro, by translating the amount expressed in a foreign currency using the euro-to-the foreign currency spot exchange rate in force at the time of the transaction.

Monetary items expressed in a foreign currency, including provisions for contingent liabilities and charges relating to liabilities in a foreign currency, are recognised in the financial statements at the spot exchange rate on the financial year's closing date. The related exchange gains and losses are recognised in the income statement for the year.

Non-monetary assets and liabilities expressed in a foreign currency are recognised in the balance sheet at the exchange rate in force at the time of their purchase and any positive or negative exchange differences do not give rise to independent and separate recognition.

Any net gain deriving from the exchange rate adjustment of monetary items expressed in a foreign currency contributes to the formation of the operating result and, upon approval of the financial statements and consequent allocation of the result, is recognised in a special non-distributable reserve. If the net result for the year is lower than the unrealized gain on foreign currency items, the amount entered in the non-distributable reserve is equal to the economic result for the year.





Income and charges

Income and revenues, costs and charges are stated net of returns, discounts, rebates and allowances, and net of taxes directly related to the sale of products and the provision of services, in compliance with the principles of competence and prudence. Revenues from sales transactions are recognised when the production process of the goods has been completed and the exchange has already taken place, i.e. when the substantial and non-formal transfer of the title has occurred, taking the transfer of risks and benefits as the reference parameter. Revenues for the provision of services are recognised when the service is rendered, i.e. completed.

Revenues and income, costs and charges relating to foreign currency transactions are determined at the spot exchange rate on the date on which the transaction is completed.

Income taxes

Current taxes are calculated on the basis of a realistic forecast of the taxable income for the year, as determined in accordance with tax legislation, by applying the tax rates in force at the closing date. Tax liability is recognised in the balance sheet, net of any advances paid, withholding taxes and tax assets that can be offset and not claimed for reimbursement. If the advances paid, withholding tax and tax assets exceed the tax liability, the related tax asset is recognised under receivables. Tax assets and liabilities are valued according to the amortised cost criterion, except in cases in which they fall due within 12 months.

Deferred and prepaid income taxes are calculated on the cumulative amount of all the temporary differences existing between the assets and liabilities values determined with the statutory valuation criteria and the value recognised for tax purposes and to be written off in subsequent years.

Deferred taxes relating to transactions that directly involved shareholders' equity are initially recognised in the provision for contingent liabilities and charges, and not in the income statement, by reducing the corresponding equity item.

Deferred tax assets on deductible temporary differences and on the benefit connected with carry-forward tax losses are recognised and maintained in the financial statements only if there is reasonable certainty of their future recovery, through expected taxable income or the availability of sufficient taxable temporary differences in the years in which prepaid taxes will be reversed.

Deferred tax assets not accounted for or reduced in previous years, as the requirements for its recognition or maintenance in the financial statements were not satisfied, is recognised or restored in the year in which these requirements are met.



Translation of financial statements of foreign consolidated companies

The financial statements of foreign consolidated companies are translated into euro using the current exchange rate method. Assets and liabilities are thus converted at the exchange rate prevailing at the reporting date, shareholders' equity at the historical exchange rate and income statement items at the average annual exchange rate. Exchange rate differences are accounted for in the "Translation reserve" under shareholders' equity. This is also reflected in the shareholders' equity of the consolidated companies. The following table shows the average and year-end exchange rates used to convert foreign currencies.

Currency	Rate as at 31/12/2021	2021 Average rate	Rate as at 31/12/2020	2020 Average rate
AUD	1,5615	1,5749	1,5896	1,6548
BRL	6,3101	6,3779	6,3735	5,8943
CHF	1,0331	1,0811	1,0802	1,0705
CNY	7,1947	7,6282	8,0225	7,8747
CZK	24,858	25,6405	26,242	26,4551
DKK	7,4364	7,437	7,4409	7,4542
GBP	0,8403	0,8596	0,899	0,8897
IDR	16.100,42	16.920,72	17.240,76	16.627,37
INR	84,2292	87,4392	89,6605	84,6392
MYR	4,7184	4,9015	4,934	4,7959
PLN	4,5969	4,5652	4,5597	4,443
RON	4,949	4,9215	4,8683	4,8383
RUB	85,3004	87,1527	91,4671	82,7248
SEK	10,2503	10,1465	10,0343	10,4848
SGD	1,5279	1,5891		
THB	37,653	37,837	36,7647	35,7143
UAH	30,9219	32,2592	34,7689	30,8506
USD	1,1326	1,1827	1,2271	1,1422
ZAR	18,0625	17,4766	18,0219	18,7655



DISCLOSURE OF CONSOLIDATED FINANCIAL STATEMENTS' SPECIFIC ITEMS AND RELEVANT CLASSIFICATION



B I) Intangible assets:

Intangible assets amounted to €6,556 thousand (2020: €7,814 thousand). Investments in intangible assets realised during FY 2021 amounted to €1,067 thousand.

Pursuant to the provisions of Act 126/2020, Metal Work Holding S.p.A. and its Italian subsidiaries, revalued their owned assets in the 2021 financial statements: the impact of the revaluation on intangible fixed assets accounts for \leq 1,656 thousand. The change in the useful life of the revalued assets, with the consequent extension of the depreciation schedules, is five years, with the same rates as in previous years. The amortisation of the revalued value and the revised depreciation schedule resulted in a \leq 418 thousand increase in depreciation compared to 2020, with an equal effect on the pre-tax year's result.

Movements in intangible assets during the year are shown below.

	Opening value	Exchange rate differences	Opening rate differences	Decrements (-)	Increments (+)	Amortisa- tion	Closing value
Incorporation costs	14	0	0	0	0	7	7
Development costs	846	0	0	0	347	466	727
Patent rights and intellectual property rights	2.550	0	0	-10	328	921	1.947
Trademarks, licenses and similar rights	632	0	0	0	7	197	441
Goodwill	2.756	-12	179	0	32	422	2.532
Others	1.017	3	27	-216	35	281	902
Total	7.814	-10	206	-226	1.067	2.294	6.556

Development costs amounted to €347 thousand and relate to costs sustained for the development of new products, which are expected to give positive results in forthcoming years.

Investments sustained in 2021 in *Trademarks and licenses* and *Patent rights and intellectual property rights*, totalling €335 thousand (2020: €799 thousand), include ones for the implementation of computer software for handling company processes, as part of an extensive IT restructuring of the entire Group.

Goodwill is generated on first-time consolidation of subsidiaries, as a consolidation difference, and amounted to $\leq 2,231$ thousand at 31/12/2021 (2020: $\leq 2,518$ thousand), plus ≤ 212 thousand, equal to the net goodwill recognised by Metal Work Service S.r.l. with registered office in Oggiono on acquisition of the business unit of RGF S.n.c. and ≤ 89 thousand, equal to the net goodwill generated by Metal Work Automation S.r.l. following the merger with Duebi S.r.l.

The table below – with figures expressed in thousands of euros – provides a temporal stratification of the net carrying value of the consolidation difference.

	from 2013 acquisitions	from 2014 acquisitions	from 2017 acquisitions	from 2019 acquisitions	Total
Metal Service S.r.l. based in Cremona	5	-	-	-	5
American Cylinder	-	-	-	2.028	2.028
Metal Work Deutschland	-	15	-	-	15
Metal Work Finland	-	18	-	-	18
Metal Service S.r.l. based in Rimini	-	-	44	-	44
Metal Service S.r.l. based in Oggiono	-	0	14	-	14
Metal Service S.r.l. based in Treviso	-	27	-	-	27
Metal Service S.r.l. based in Brescia	-	80	-	-	80
	Total 5	140	58	2.028	2.231

The increase in Other intangible assets is mainly related to upgrades and improvements on leased assets.

B II) Tangible assets:

Tangible assets came to €101,656 thousand (2020: €105,526 thousand). Investments in tangible assets in 2021 totalled €13,886 thousand, including down payments. Movements in tangible assets during the year are shown below.

	Opening value	Reclassi- fi-cations	Exchange rate differences	Opening rate differ.	Decrements (-)	Increments (+)	Depreciation	Closing value
Land and buildings	51.425	221	-1	-8	-734	6.434	2.386	54.950
Plant and machinery	39.211	-43	13	28	-113	4.012	7.822	35.286
Industrial and commer- cial equipment	9.213	-	3	8	-1	2.740	3.231	8.732
Other assets	2.426	-	-3	18	-54	560	816	2.131
Work in progress and advances	3.253	-	-	-	-2.834	140	-	558
Total	105.526	177	12	47	-3.737	13.886	14.255	101.656

Investments in "land and buildings" amounted to \in 6,434 thousand, taking into account that in the previous year fixed assets under construction were accounted for \in 2,690 thousand.

Investments in "Plant and machinery", amounting to €4,012 thousand, were mainly sustained by Metal Work S.p.A. and Alfa Meccanica S.r.l. as part of the technological innovation under the "Industry 4.0" scheme.

The investment in "Industrial and commercial equipment", amounting to €2,740 thousand, mainly concerned Metal Work S.p.A..



The item "Other assets" includes investments for €560 thousand.

"Work in progress and down payments" includes advances paid by the Parent Company as down payments for the purchase of machinery and equipment.

Pursuant to the regulatory provision set forth in Law 126/2020, Metal Work S.p.A. and its Italian subsidiaries recognised the revaluation of owned assets in the 2020 financial statements: the impact of the revaluation on tangible assets was \in 28,240 thousand. The change in the useful life of the revalued assets, resulting in an average lengthening of the depreciation schedules, amounted to 8.9 years for buildings and between 2.8 and 4.2 years for other categories of assets, maintaining the same rates as in previous years. The depreciation of the revalued value and the revision of the depreciation schedule resulted in the recognition of \in 139 thousand in higher depreciation allowances on the 2020 figure concerning real estate and \in 3,737 thousand concerning of other asset categories, with the same effect on the pre-tax result for the year.

As at 31 December 2021, the "ex-Pedrini" real estate belonging to the Parent are burdened with a mortgage securing a pooled loan issued by Cassa Centrale and Credito Cooperativo di Brescia of a total residual value of just over €9 million. On the closing date, assets purchased under financial lease agreements, though redeemed, were recognised in accordance with international accounting standard IFRS16. A breakdown of owned and leased assets is given in the table below.

			Gross value	Acc ed deprec.	Net value	Depr.
Own property			197.306	126.741	70.565	12.401
Leased property:						
	Buildings		32.700	6.956	25.744	843
	Plant and machinery		10.509	5.720	4.789	1.011
		Total	240.515	139.417	101.098	14.255

B III) Financial assets:

Financial assets came to €1,898 thousand (2020: €1,864 thousand), up to €34 thousand, as shown in the table below.

		Current year	Previous year	Change
Equity interest in associates		1.053	1.027	26
Equity interest in other companies		38	41	-3
Accounts receivable from others		510	449	61
Other securities		3	2	1
Derivatives assets	•	294	345	-51
	Total	1.898	1.864	34

Equity interest in subsidiaries, associates and other companies

"Equity interests in associates", accounting for €1,053 thousand (2020: €1,027 thousand), relate to the stake in Signal S.r.l., as valued using the equity method; the positive change reflects the company's performance in the financial year 2021, taking into account the goodwill paid.

"Equity interest in other companies", accounting for €38 thousand (2020: €41 thousand), had a decrease of €3 thousand.

Accounts receivable

"Other non-current receivables", totalling €510 thousand with an increase of €61 thousand compared to the previous year, are all collectable after the following financial year and include amounts receivable for investments of end-of-mandate indemnities covered by special insurance policies for some of the Group's executive directors.

Other securities

The item "Other securities" came to \in 3 thousand (2020: \in 2 thousand).

Derivatives assets

"Derivatives assets" are entered at €294 thousand (2020: €345 thousand) and relate to cap contracts hedging the risk of rate increases resulting from loan and financial lease transactions.

C) I) Closing inventory:

"Closing inventory" accounts for €53,465 thousand (2020: €44,747 thousand), up €8,718 thousand on the previous year.

	Current year	Previous year	Change
Raw materials, supplies and consumables	10.227	7.171	3056
Work in progress and semi-finished products	10.424	7.609	2815
Work in progress to order	1095	993	102
Closing inventories, finished products and goods	32.182	29.763	2419
Goods write-down provision	-2.109	-1.919	-190
Closing inventories of finished product and goods in transit	1.633	1073	560
Down payments	13	57	-44
Total	53.465	44.747	8.718

Inventories are adjusted for the portion of profit resulting from commercial transactions between Group companies not realised on the closing date. Contract work in progress refers to the inventories of the company Metal Work Automation S.r.l., which produces to order and may have a lead time of more than one calendar year.



C) II) Receivables:

Trade receivables

"Trade receivables" of a commercial nature amounted to €54,533 thousand (2020: €44,785 thousand), up €9,748 thousand provision for bad debts, that was established to adjust them to their estimated realizable value.

		Current year	Previous year	Change
Trade receivables		54.533	44.785	9.748
	Total	54.533	44.785	9.748

The Group had no significant amounts receivable referring to one or a few customers. There were no receivables collectable after 5 years.

Receivables from associates

"Receivables from associates "amount to €1 thousand (2020: €1 thousand).

	C	Current year	Previous year	Change
Receivables from associates		1	1	0
	Total	1	1	0

Accounts receivable from parent companies

"Receivables from parent companies", totalling €2,968 thousand (2020: €3,414 thousand), relate to transfers from the consolidated statutory financial statements of Italian subsidiaries to Metal Work Holding S.p.A.

	Current year Pre		Change
Receivables from parent companies	2.968	3.414	-446
Tota	2.968	3.414	-446

Receivables from companies controlled by parent companies

"Receivables from companies controlled by parent companies" amount to €2 thousand (2020: not present)

	Current year	Previous year	Change
Receivables from companies controlled by parent companies	2	0	2
Total	2	0	2



Tax assets

"Tax assets", totalling €6,078 thousand (2020: €4,449 thousand) comprises amounts receivable from the Inland Revenue accrued by the Group companies. It also includes input VAT and credits relating to taxes levied on the group companies.

	Current year	Previous year	Change
Tax assets	6.078	4.449	1.629
Toto	il 6.078	4.449	1.629

Prepaid taxes

"Prepaid taxes" relates to temporary differences in the determination of income according to fiscal and statutory rules. Details are shown in the table below.

	Current year	Previous year	Change
Prepaid taxes – less than 12 months	1.321	1.456	-135
Prepaid taxes – over 12 months	1.824	2.223	-399
Total	3.145	3.679	-534

This item includes "Tax losses to be brought forward" relating to sums allocated to cover losses incurred by some foreign subsidiaries.



Accounts receivables from others

"Accounts receivable from others" amounted to €1,823 thousand (2020: €1,068 thousand) down €755 thousand on the previous year.

	Current year Pr		Previous year	Change
Accounts receivable from others		1.823	1.068	755
	Total	1.823	1.068	755

C) III) Financial assets other than non-current assets:

"Financial assets other than non-current assets", totalling €4,605 thousand (2020: €3,239 thousand), relates to temporary utilisation of cash in hand, valued at the mark-to-market price as at 31 December 2021.

	Current year	Previous year	Change
Financial assets other than non-current assets	4.605	3.239	1.366
Total	4.605	3.239	1.366

C) IV) Cash and cash equivalents:

"Cash and cash equivalents" comprise bank deposits, cash on hand and other liquid resources on the closing date for a total amount of €19,618 thousand (2020: €14,490 thousand).

		Current year	Previous year	Change
Depositi bancari e postali		19.448	14.338	5.110
Assegni		2	7	-5
Denaro e valori in cassa		168	145	23
	Total	19.618	14.490	5.128

D) Prepayments and accrued income:

"Prepayments and accrued income" are calculated on an accrual basis in order to allocate the portions of income and charges to the exact period to which they refer.

	Current year	Previous year	Change
Prepaid expenses	198	151	47
Accrued income	1.046	715	331
Tota	l 1.244	866	378

LIABILITIES

A) Consolidated shareholders' equity:

The Group's consolidated shareholders' equity totalled €111,153 thousand (2020: €103,259 thousand). A breakdown is given in the table below.

	Shareholders' equity	Current year	Previous year
I	Share capital	21.000	21.000
	Share premium reserve	19.324	19.324
	Revaluation reserve	14.341	14.341
IV	Legal reserve	3.700	3.400
VII	Other reserves		
	Currency translation reserves	-3.568	-4.131
	Consolidation reserves	8.134	8.965
	Other reserves	15.054	14.142
VIII	a - Profit (loss) brought forward	20.930	18.426
IX	Group's profit (loss) for the year	12.238	7.792
	GROUP'S TOTAL SHAREHOLDERS' EQUITY	111.153	103.259
	Profit (loss) for the year	1.351	867
	Minority interest and reserves	4.955	5.929
	TOTAL MINORITY INTEREST EQUITY	6.306	6.796
	TOTAL CONSOLIDATED EQUITY	117.459	110.055





Movements in the Group's shareholders' equity are detailed in the table below.

	Share capital	Share pre- mium reserve	Legal reserve	Extra- ord. reserve	Re- valua- tion reserve	Conso- lidation reserve	Conver- sion reserve	Retai- ned earnin- gs	Ope- rating result	Total
Group's shareholders' equity as at 31/12/2019	21.000	19.324	3.000	11.328	0	3.086	-836	16.740	8.947	82.589
Allocation of previous year's profit			400	6.860				1.687	-8.947	0
- distribution of reserves				-4.046						-4.046
- other movements					14.341	5.879		•		20.220
- currency exchange effect							-3.296			-3.296
Operating result for the year						•			7.792	7.792
Group's shareholders' equity as at 31/12/2020	21.000	19.324	3.400	14.142	14.341	8.965	-4.132	18.427	7.792	103.259
Allocation of previous year's profit			300	4.988				2.504	-7.792	0
- distribution of reserves		-		-4.077						-4.077
- other movements						-831				-831
- currency exchange effect							564			564
Operating result for the year									12.238	12.238
Group's shareholders' equity as at 31/12/2021	21.000	19.324	3.700	15.053	14.341	8.134	-3.568	20.931	12.238	111.153

The share capital amounts to €21,000 thousand and is made up of ordinary shares of the nominal value of €1 each;

The share premium reserve amounts to €19,324 thousand.

The legal reserve amounts to €3,700 thousand and movements were related to the allocation of the parent company's previous result;

The extraordinary reserve decreased overall by $\leq 4,077$ thousand, due to profit distribution to Metal Work S.p.A. shareholders, (≤ 87 thousand of which were allocated to type-B shares upon approval of the 2020 financial statements), and increased by $\leq 4,988$ thousand due to the allocation of the parent company's operating result.

The revaluation reserve amounts to €14,341 thousand as a result of the inclusion in the 2020 financial statements of the revaluation reserve made by Metal Work S.p.A. in accordance with Act 126/2020.

The changes in the consolidation reserve refer to the impact of the changes in the consolidation reserve.

"Translation reserve" shows a positive change of €564 thousand.

Retained earnings show an increase equal to the difference between the profit for the 2020 financial year of Metal Work S.p.A. and the consolidated profit for the same year.

The table below shows the reconciliation between the shareholders' equity and result for the year achieved by the parent company and the shareholders' equity and the operating result appearing in the consolidated financial statements.

	Shareholders' equity	of which result for the year
Parent company's shareholders' equity and result	81.685	8.266
Adjustments following adoption of IAS 17 for the parent company	6.950	671
Parent company's adjusted shareholders' equity	88.635	8.937
Pro-rata results achieved by associates	77	52
Consolidation effect for the subsidiaries	15.617	10.064
Goodwill	2.231	-408
Infra-group profits net of tax effect	-4.669	-964
Write-off of write-downs/reinstatement of previous write-downs	9.262	343
Dividends received from associates		-5.786
Shareholders' equity and result for the period as shown in the consolidated financial statements	111.153	12.238

Changes in "Minority interest shareholders' capital and reserves" are detailed in the following table:

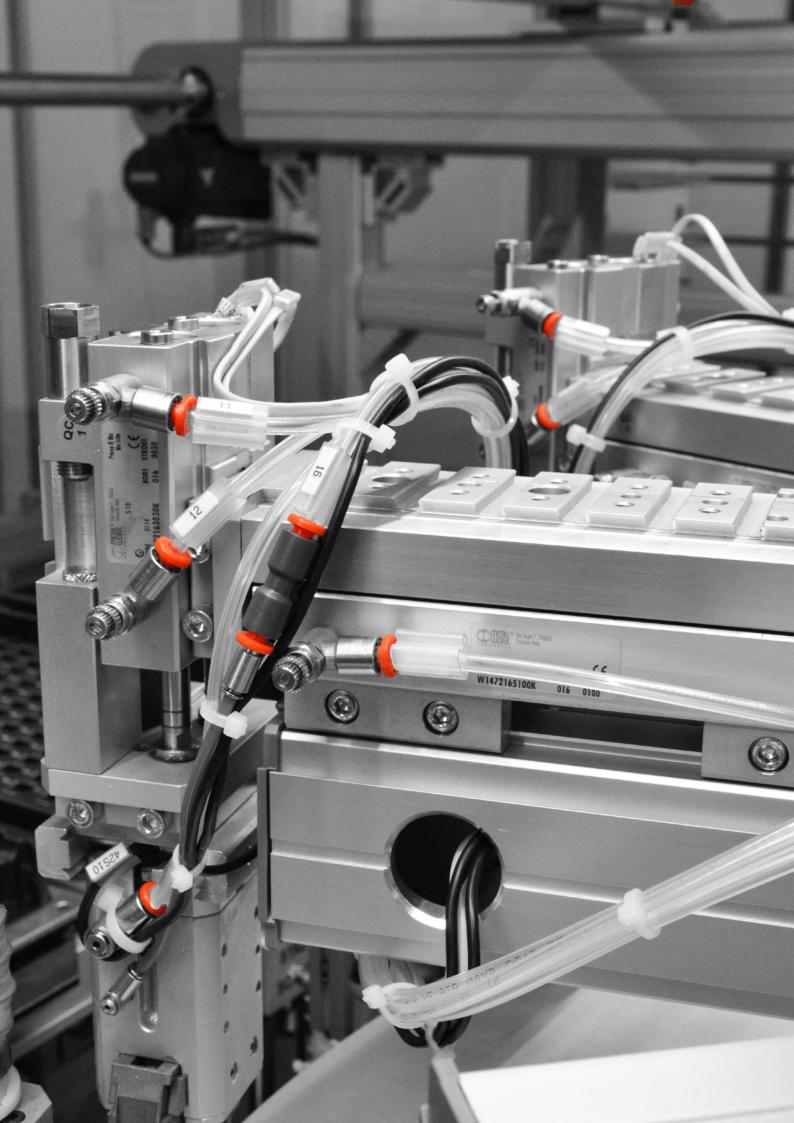
	Share capital and reserves	Operating result	Total
Minority interest shareholders' capital and reserves as at 31/12/2020	5.928	867	6.795
Allocation of previous year's result	867	-867	-
- allocation of reserves	-886	-	-886
other changes	-955	-	-955
Operating result for the year		1.351	1.351
Minority interest shareholders' capital and reserves as at 31/12/2021	4.954	1.351	6.305

B) Provisions for contingent liabilities and charges:

Liabilities include the following provisions for contingent liabilities and charges, estimated on the basis of losses and charges of a specific nature and of certain or probable existence.

	Current year	Previous year	Change
Employee severance pay provision	614	580	34
Provision for deferred taxes	1.210	1.216	-6
Provision for risks	663	323	340
Financial derivatives	55	0	55
Та	otal 2.542	2.119	423

"Provisions for end-of-mandate indemnity", totalling €614 thousand, only refers to the end-of-mandate benefits for the directors of some of the companies in the Group.



"Provision for deferred taxes", totalling €1,210 thousand, contains deferred taxes for the year relating to temporary differences between the statutory and the tax value attributed to the same item.

"Provisions for contingent liabilities and charges" totalling €663 thousand (2020: €323 thousand) includes provisions for foreseeable charges and losses not related to specific asset items, or contingent assets that could arise from pending tax disputes resulting from a tax inspection carried out at the Parent company by the tax authorities.

Financial derivatives payable amounted to €55 thousand (previous year: not present) and related to hedging transactions carried out by the parent company.

C) Provision for employee leaving indemnity:

"Provision for employee-leaving indemnity", totalling €6,435 thousand (2020: €6,193 thousand), complies with current contract obligations and applicable labour regulations, and reflects the overall debt accruing for employees, net of tax paid in advance.

	Current year	Previous year	Change
Provision for employee leaving indemnity	6.435	6.193	242
Total	6.435	6.193	242

D) Accounts payable:

A breakdown of overall indebtedness is given below.

	Current year	Previous year	Change
Bank borrowings	58.774	64.297	-5.523
Borrowings from other lenders	13.728	9.500	4.228
Down payments	546	382	164
Trade payables	39.384	29.466	9.918
Payables owed to associates	1.040	839	201
Payables owed to parent companies	1.135	507	628
Tax liabilities to companies subject to control by parent companies	-	52	-52
Tax liabilities	5.069	3.955	1.114
Payables owed to social security institutes	3.393	2.971	422
Sundry payables	6.110	4.299	1.811
Total	129.179	116.268	12.911

Bank borrowings

Details of bank borrowings are shown in the following table.

	Current year	Previous year	Change
Bank borrowings – less than 12 months	31.517	29.413	2.104
Bank borrowings – over 12 months	27.257	34.884	-7.627
Total	58.774	64.297	-5.523



"Bank borrowings" came overall to €58,774 thousand (2020: €64,297 thousand), of which €31,517 thousand falling due by the end of 2022 and €27,576 thousand after the end of 2022.

A breakdown of long/short-term borrowings is given in the table below

Bank loans	Value as at 31/12/2020	New payments	Repayments	Value as at 31/12/2021
Intesa - Metal Work Pneumatic USA	3.097		620	2.477
Unicredit - Metal Work S.p.A.	4.486		2.152	2.334
Banco Popolare BPM - Metal Work S.p.A.	. 4.357		1.648	2.709
BNL - Metal Work S.p.A.	8.844		3.836	5.008
Pool Cassa Centrale - Metal Work S.p.A.	10.000		938	9.062
Credem - Metal Work S.p.A.	1.880	3.000	1.043	3.837
Credit Agricole - Metal Work S.p.A.	2.000		404	1.596
Alfa Meccanica S.r.l Banco Popolare	625		-	625
Alfa Meccanica S.r.l UBI	127		84	43
Metal Work Automation S.r.l.	400		85	315
Eurofit S.r.l.	1.000		297	703
Metal Work Automation S.r.l ex DUEBI S.r.l.	. 100		30	70
Fluid Force S.r.l.	100		30	70
Metal Work Service S.r.l. – Brescia	3.500		340	3.160
Metal Work Service S.r.l. – Vicenza	1.000		214	786
Metal Work Service S.r.l. – Treviso	1.100		236	864
Metal Work Service S.r.l. – Parma	1.000		214	786
Metal Work Service S.r.l. – Bari	300		65	235
Metal Work Service S.r.l. – Novara	800		238	562
Metal Work Service S.r.l. – Mantua	100		29	71
Metal Work Service S.r.l. – Turin	900		268	632
Metal Work Service S.r.l. – Prato	300		90	210
Metal Work Service S.r.l. – Verona	500		149	351
Metal Work Service S.r.l. – Bergamo	1.300		387	913
Metal Work Service S.r.l Rimini	800		238	562
Metal Work Service S.r.l Arcore	450		134	316
Metal Work Service S.r.l Oggiono	1.200		357	843
Metal Work Service S.r.l Cremona	500		149	351
	Total 50.766	3.000	14.275	39.491

Financial payables are not guaranteed by mortgages or lien on assets owned by the company, except for the original €10m loan granted by Cassa Centrale used for the acquisition of the ex-Pedrini real estate. Bank borrowings include loans falling due beyond 5 years of the amount of €4,168 thousand.

Borrowings from other lenders

"Borrowings from other lenders", totalling €13,729 thousand (2020: €9,500 thousand), comprises residual payables to leasing companies, accounted for in accordance with IAS 17. The movements are detailed in the table below.

	Current year	Previous year	Change
Borrowings from other lenders - less than 12 months	2.862	2.428	434
Borrowings from other lenders – over 12 months	10.867	7.072	3.795
Total	13.729	9.500	4.229

Borrowings relating to lease transactions falling due beyond 2022 amount to €10,867, of which €4,593 thousand falling due beyond 5 years.

For an analysis of the net financial position, please refer to the business report on the reclassified balance sheet.

Down payments

"Down payments" accounted for €546 thousand (2020: €382 thousand), up €164 thousand on the previous year.

	Current year	Previous year	Change
Trade payables – less than 12 months	546	382	164
Tote	al 546	382	164

Trade payables

"Trade payables", totalling €39,383 thousand (2020: €29,466 thousand), represents debts incurred in the performance of core business activities. There were no significant amounts owed to a single supplier or a small group of suppliers.

	Current year	Previous year	Change
Trade payables – less than 12 months	39.383	29.466	9.917
Total	39.383	29.466	9.917

Payables owed to associates

"Payables owed to associates", totalling €1,040 thousand (2020: €838 thousand), relate to liabilities connected with supplies received from Signal S.r.l.

	Current year	Previous year	Change
Payables owed to associates - less than 12 months	1.040	838	202
Total	1.040	838	202



Payables owed to parent companies

"Payables owed to parent companies", totalling €1,135 thousand (2020: €507 thousand), relates to transfers deriving from tax consolidation and business transactions between the Group companies with Metal Work Holding S.p.A.

	Current year	Previous year	Change
Payables owed to parent companies - less than 12 months	1.135	507	628
Total	1.135	507	628

Payables owed to companies subject to control by parent companies

In 2021 the amount of "Payables owed to companies subject to control by parent companies" is nil (2020: €52 thousand). They refer to the provision of services rendered to companies subject to control Metal Work Holding S.p.A..

	Current year	Previous year	Change
Payables owed to companies subject to control by parent companies	-	52	-52
Total	1.135	507	628

Tax liabilities

"Tax liabilities", totalling €5,069 thousand (2020: €3,955 thousand), relates to the debit position with tax authorities for income taxes, VAT and withholding tax payable as a withholding agent.

	Current year	Previous year	Change
Tax liabilities – less than 12 months	5.069	3.528	1.541
Tax liabilities – over 12 months	-	427	-427
Tote	al 5.069	3.955	1.114

Payables owed to social security institutes

"Social security payables", totalling €3,393 thousand (2020: €2,971 thousand), relates to sums owed to social security and welfare institutes, in accordance with current legislation on employees.

	Current year	Previous year	Change
Payables owed to social security institutes – less than 12 months	3.393	2.971	422
Total	3.393	2.971	422

Sundry payables

"Sundry Payables"", totalling €6,110 thousand (2020: €4,319 thousand), mainly consist of remuneration owed to employees for amounts accrued but not paid on the closing date.

	Current year	Previous year	Change
Sundry payables – less than 12 months	6.110	4.319	1.791
Total	6.110	4.319	1.791

E) Deferred income and accrued expenses

"Deferred income and accrued expenses" totalling €1,977 thousand (2020: €1,308 thousand), were calculated on an accrual basis in order to allocate the portions of income and expenses to the exact period to which they refer.

		Current year	Previous year	Change
Deferred income		972	631	341
Accrued expenses		1.005	677	328
	Total	1.977	1.308	669

Deferred income accounted for €972 thousand (2020: €631 thousand) and mainly relates to financial expenses accrued on debt positions at the end of the year.

Accrued expenses accounted for €1,005 thousand (2020: €677 thousand), relating to tax assets for investments made by the parent company under Act no. 190/2014 and tax assets for investments made and subsidies from the Lombardy Government for investments made to increase production capacity upgrading to Industry 4.0.

Analysis of the Income Statement items

Since the positive and negative components in the Income Statement have been presented in analytical form and the balance sheet has already been commented on, this section will only examine the items specified in art. 38 of Legislative Decree no. 127/91, covering explanatory notes to consolidated financial statements.

Revenues from sales and services, art. 38, point i)

Overall sales amounted to €218,564 thousand (2020: €177,007 thousand), to which €3,045 thousand (2020: €3,759 thousand) other revenues and income are to be added.

Revenues by geographical area are detailed in the business report.

Financial charges, art. 38, point g)

Financial charges amounted to €1,526 thousand (2019: €1,836 thousand), of which €245 thousand deriving from the application of IAS17, which covers the entry of leased assets using the financial method. The table below provides a breakdown of financial charges.

Financial Charges	Current year	Previous year
Loan interest payable	421	507
Financial expenses on lease agreements	245	295
Financial expenses on open accounts	251	302
Financial expenses for export down payments	40	48
Others	569	684
	Total 1.526	1.836



Adjustments to the value of financial assets

This item was in the positive at €357 thousand (2020: €305 thousand in the negative) and relates to the valuation of securities entered under current assets for the companies included in the scope of consolidation and the valuation of associates.

In accordance with art. 38 of Italian legislative decree no. 127/91 points g) et seq., it is stated that:

- there are no financial charges recognised under assets;
- the average number of employees is detailed in the table below:

Categories		2021	2020	average 2021	average 2020
Executives		17	18	18	18
White collars		711	662	697	653
Middle managers		4	4	4	7
Blue collars		561	506	551	508
Beginners		4	7	4	4
	Total	1.297	1.197	1.274	1.190

Taxes for the year

Taxes for the year came to €4,759 thousand, compared to €2,102 thousand in 2020. A breakdown of this item is given in the table below.

		Current year	Previous year	Change
IRES allowance		4.020	1.542	2.478
IRAP allowance		772	287	485
Deferred tax allowance		6	228	-222
Deferred tax asset allowance		-39	45	-84
	Total	4.759	2.102	2.657

Remuneration of directors, internal auditors and audit firm

In 2021, the company paid €1,109 thousand (2020: €1,111 thousand) fees to the board of directors, €52 thousand (2020: €59 thousand) to the board of auditors and €34 thousand (2020: €34 thousand) to the auditing firm.

Transactions with related parties

The company has contracted out assembly activities to the two following small firms, whose owners have family ties with the Chair of the Board of Directors. Operations in 2021 took place under normal market conditions and the turnover is shown in the table below.

	Current year	Previous year	Change
Montaggi Industriali di Burgio Rosa & C. S.n.c.	1.124	912	212
Lu.de.ma. di Luca Dell'Anna	351	284	67
Total	1.475	1.196	279

Disclosure pursuant to Act 124 of 4 August 2018

In compliance with the transparency and publicity requirements under Act no. 124 of 4 August 2018, art. 1, subsections 125-129, it is noted that during the 2020 financial year, the parent Metal Work S.p.A. received operating grants of a total amount of \in 715,801, as detailed in the table below:

of which €215,607 subsidies paid by the energy service provider GSE in relation to the installation of photovoltaic systems.

Player	Tax ID Code	Subsidy	Reason
Gestore dei Servizi Energetici GSE S.p.A. Viale Maresciallo Pilsudski, 92 - Roma	5754381001	215.607	subsidy for photovoltaic-generated energy
Totale		215.607	

and the remaining €500.194 are broken down as follows:

- €8,275 tax receivables for sanitation and purchase of PPE (art. 125, Law Decree no. 34/2020);
- €111,844tax receivables for investments in capital goods;
- €15,104 Euro tax receivables for incremental advertising investments;
- €364,971 tax receivables under Act no. 160/2019.

Management and coordination

In compliance with the regulations on "management and coordination of companies", governed by arts. 2497-bis and 2497-septies of the Italian Civil Code, a summary of the key figures (in thousands of euro) of the ordinary 2020 financial statements of Metal Work Holding S.p.A. is given below.

BALANCE SHE	ET	31/12/20
A) Shareholders' loan (unpaid capital)		
B) Non-current assets		55.260
C) Current assets		3.856
D) Prepayments and accrued income		41
	Total assets	59.157
A) Shareholders' equity		43.944
B) Provision for risks and charges		1242
C) Provision for employees' severance pay		539
D) Debts and other liabilities		13.423
E) Accruals and deferred income		9
	Total liabilities	59.157

INCOME STATEMENT	31/12/20
A) Production value	2.271
B) Production costs	3.131
C) Financial income and expenses	3.759
D) Adjustments to the value of financial assets	-180
20) Income tax	-20
21) Total net result	2.739



Cash flow statement

Il prospetto delle fonti e degli impieghi mette in rilievo:

- current asset cash flows generated by current management came to €18,493 thousand, compared to €13,094 thousand in the previous year;
- financial cash flow, prior to changes in net current assets, amounted to €35,099 thousand, compared to €25,975 thousand in the previous year;
- financial cash flow, excluding current assets, amounted to €27,920 thousand, compared to €26,997 thousand in the previous year;
- income management cash flow came to €23,065 thousand, compared to €22,563 thousand in 2020;
- investments in technical and financial assets in the negative for €12,516 thousand (2020: €-6,166 thousand);
- reserves for €4,077 thousand were distributed (2020: €4,047 thousand);
- funding operations of an overall amount of \in 5,420 thousand, compared to \in 5,852 thousand in the previous year; •
- liquid assets increased from €14,489 thousand to €19,618 thousand, up €5,129 thousand.

Events of significance occurring after the reporting date

To date, there have been no events occurring after 31 December 2021 that would make the current equity and financial situation substantially different from that shown in the balance sheet on the closing date or such that would require adjustments or additional notes to the financial statements.

The risks related to the continuation of the Russian-Ukrainian conflict, which is bound to change the geo-political balance for a long time, have been assessed and the balance sheet takes into account, through provisions, the worst-case scenario that could affect the subsidiaries.

We feel that the above information provides a comprehensive and true representation of the economic, financial and equity situation of the Metal Work Group.

Concesio, 26 May 2022

The Board of Directors

- Chair: Donatina Dell'Anna
- Vice-chair: Riccardo Cavagna
- Board member: Gianpietro Gamba
- Board member: Daniele Marconi
- Board member: Valentino Pellenghi
- Board member: Fausto Rodella

Amare Værent Kærest fordel





BOARD OF AUDITORS' REPORT

Metal Work S.p.A. - Board of Auditors Report on the Financial Statements for the year ended on 31 December 2021

METAL WORK S.p.A.

Registered office at 5-7-9 Via Segni, Concesio (BS) - Share capital € 21,000,000 fully paid-up Brescia Trade Register no. 03472820178 - Business and Administration Index (REA) no. 404497 *******

BOARD OF AUDITORS' REPORT

pursuant to article 2429, subsection 2, of the Italian Civil Code

To the shareholders.

During the year ending on 31 December 2021, we performed our checks and assessments in compliance with the law and the current Rules of Conduct for Boards of Statutory Auditors of Unlisted Companies, issued by the National Council of Chartered Accounts and Tax Advisors.

We are hereby informing you of this activity and the results achieved.

1) Supervisory functions over governance in accordance to arts. 2403 et seq. of the Italian Civil Code

We monitored compliance with the law and the articles of association, respect for the principles of proper administration and, more specifically, the adequacy of the organisational structures, the administrative and accounting system and their actual functioning.

We attended general assemblies and board meetings, which took place in accordance with the applicable statutory and legislative provisions; therefore, we can provide reasonable assurance that the resolutions passed comply with the law and the articles of association.

We periodically obtained from the administrative body, during the meetings held, details of the general business situation and its foreseeable evolution and of significant operations in terms of extent or features effected by the company and its subsidiaries.

In this regard, we can provide reasonable assurance that actions put in place comply with the law and the articles of association and were not manifestly imprudent, hasty, potentially producing conflicts of interest, or in contrast with general assembly resolutions, or such as to compromise the integrity of the corporate assets.

To our knowledge, the company did not carry out atypical or unusual transactions with any of the Metal Work Group companies, either related or unrelated parties.

We appraised the operations of the administrative body as not manifestly imprudent or reckless, nor in potential conflict of interest or such as to compromise the overall value of the company's assets.

We acquired knowledge of and supervised the adequacy of the organisational, administrative and accounting structure and its actual performance, by all means including gathering information from the heads of functions and we have no particular observations to report in this regard.

We acquired knowledge and supervised, within the scope of our responsibilities, the adequacy and performance of the administrative and accounting system, as well as the reliability thereof in correctly representing the

Metal Work S.p.A. - Board of Auditors Report on the Financial Statements for the year ended on 31 December 2021

operations, by obtaining information from the heads of functions and examining company documents and we have no particular observations to report in this regard.

We exchanged information relevant to the fulfilment of our supervisory task with the auditing firm KPMG S.p.A. entrusted with the statutory audit of the accounts and, in this regard, no relevant data or information worthy of being highlighted in this report has emerged.

We also inform you that, during the financial year 2021 and up to the date of this report:

- no complaints have been received in accordance with art. 2408 of the Italian Civil Code;
- no opinions envisaged by law have been issued by the Board of Auditors;
- no critical data, information or details connected with the auditing firm's independence have emerged.

Finally, we inform you that during the 2021 financial year we did not make any reports to the administrative body pursuant to Article 15 of Legislative Decree No. 118/2021.

2) Observations on the Financial Statements for the year and the Consolidated Financial Statements as at 31 December 2021.

Since the Board of Auditors was not entrusted with the statutory audit, it carried out the supervisory activities on the financial statements as set forth in Rule 3.8. of the "Rules of Conduct for the Board of Auditors of Unlisted Companies" consisting of an overall summary check aimed at verifying that the financial statements are properly prepared.

In fact, it is the responsibility of the person in charge of the statutory audit to verify the compliance of accounting data.

Financial statements for the year ending 31 December 2021

With reference to the financial statements for the year ending 31 December 2021, we report the following in accordance with art. 2429, subsection 2, of the Italian Civil Code.

The financial statements of Metal Work S.p.A. were approved by the Board of Directors and made available to us. They show a net profit of €8,265,623.

Within our scope of responsibility, since we were not required to conduct the statutory audit of the accounts, we monitored the general layout of the financial statements and general compliance with the law and have no particular observations to report in this regard.

We also verified compliance with the provisions of law concerning the preparation of the Business Report and have no particular observations to report in this regard.

The figures concerning intangible assets are recorded in the balance sheet, where required, with our consent, pursuant to Art. 2426 of the Italian Civil Code.

To the best of our knowledge, in preparing the financial statements, the directors did not make any exceptions to the statutory provisions pursuant to Art. 2423, subsection five, of the Italian Civil Code.

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Metal Work S.p.A. – Board of Auditors Report on the Financial Statements for the year ended on 31 December 2021

On 14 June 2022, the auditing firm KPMG S.p.A. issued the independent auditors' report pursuant to art. 14 of Legislative Decree no. 39/2010, in which there are no remarks or requests for information and attests that the financial statements as at 31 December 2021 provide a true and fair view of your company's financial position and the operating result.

Consolidated financial statements of the Metal Work Group as at 31.12.2021

The consolidated financial statements were approved by the Board of Directors and made available to us. They show a net profit of **€12,238,299** pertaining to the Group.

As at 31 December 2021, the scope of consolidation comprised forty-nine companies directly owned by Metal Work S.p.a., plus three indirectly owned subsidiaries, which gives fifty-two.

Within our scope of our responsibility, we monitored the general layout of the consolidated financial statements and its general compliance with the law; in this regard we have no particular observations to report.

We also verified compliance with the law concerning the preparation of the Business Report and in this regard, we have no particular observations to report.

The audit firm KPMG S.p.A. issued the audit report on 14 June 2022 pursuant to art. 14 of Legislative Decree no. 39/2010, where there are neither remarks nor requests for information and in which it is certified that the financial statements closing on 31 December 2021 provide a true and correct representation of Metal Work Group's equity, financial situation and the operating result for the year.

3) Comments and proposals regarding the approval of the financial statements as at 31 December 2021

Considering the results of the task we have performed and the opinion expressed in the statutory audit report issued by the independent auditor, we invite the shareholders to approve the financial statements for the year ended 31 December 2021, as prepared by the directors.

The Board of Auditors agrees with the proposal for the allocation of the result for the year as set forth by the directors in the Note to the financial statements.

Concesio, June 14, 2022

The Board of Auditors

Renato Camodeca ((Chairman) , Acer	
Stefano Colpani	Sonder.	
Silvio Piccinelli	An hulle	





INDEPENDENT AUDITORS' REPORT

KPMG

KPMG S.p.A. Account Auditing and organisation 70, Via Cefalonia 25124 BRESCIA BS Tel. (++39) 0302425720 Email: <u>it-fmauditaly@kpmg.it</u> CEM <u>kpmgspa@pec.kpmg.it</u>

Independent auditors' report pursuant to art. 14 of legislative decree no. 39 of 27.01.2010

To the Shareholders of Metal Work S.p.A.

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Metal Work Group (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and the cash flow statement for the year then ended, and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Metal Work Group as at 31 December 2021, its financial performance and its consolidated cash flows for the year then ended, in accordance with Italian laws governing the layout principles.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Metal Work S.p.A. in accordance with the code of ethics for professional accountants established by Italian law on financial statements auditing. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and the Board of Auditors of Metal Work S.p.A. for the Consolidated Financial Statements

Directors are responsible for the preparation and fair representation of the consolidated financial statements in accordance with Italian Law governing the preparation standards and, within the terms of the law, for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

KPMG S.p.A. is a joint-stock company, incorporated under Italian law and is part of the KPMG network of independent auditors affiliated to KPMG International Limited, an entity incorporated under British law. Ancona Bari Bergamo Bologna Bolzano Brescia Catania Como Firenze Genova Lecce Milano Napoli Novara Padova Palermo Parma Perugia Pescara Roma Torino Treviso Trieste Varese Verona Joint-stock company Share capital EUR 10,415,500.00 fully paid up Tax Code and entry in the Milan Trade Register under number 00709600159 Milan REA Index 512867 VAT no. IT 00709600159 Registered office: 25 Via Vittor Pisani 20124 Milan, MI - Italy

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Gruppo Metal Work Relazione della società di revisione 31 dicembre 2021

Directors are responsible for assessing the Group's ability to continue as a going concern, the appropriateness of the use of the going-concern assumption in preparing the financial statements and the adequate relevant disclosure, as applicable. Directors are also responsible for using the going-concern basis in preparing the financial statements, unless they have ascertained the existence of the conditions for the liquidation of the parent company Metal Work S.p.A. or ceased operations, or there is no realistic alternative but to do so.

The board of auditors is responsible for overseeing the Group's financial reporting process, in accordance with the provisions of law.

Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgement and maintained professional scepticism throughout the audit. We also took steps to:

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

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

- evaluate the appropriateness of accounting standards used and the reasonableness of accounting estimates and related disclosures made by directors.





Gruppo Metal Work Relazione della società di revisione 31 dicembre 2021

- conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to review our opinion accordingly. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Opinion pursuant to art. 14, subsection 2, letter e) of Italian Legislative Decree no. 39/10

The directors of Metal Work S.p.A. are responsible for preparing the Metal Work Group's business report as at 31 December 2021, including consistency with the related consolidated financial statements and compliance with the law.

We performed the procedures required under audit standard (ISA Italia) no. 720B in order to express an opinion on the consistency of the business report with the consolidated financial statements of the Metal Work Group as at 31 December 2021, and on its compliance with the provision of law, as well as issue a declaration on any material error.

In our opinion, the business report is consistent with the consolidated financial statements of the Metal Work Group as at 31 December 2021, which was prepared in compliance with legal requirements.



Gruppo Metal Work Relazione della società di revisione 31 dicembre 2021

With reference to the report issued pursuant to art. 14, subsection 2, letter e), of Legislative Decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Brescia, June 14, 2022

KPMG S.p.A.

ne o (Paolo Andreasi Partner





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