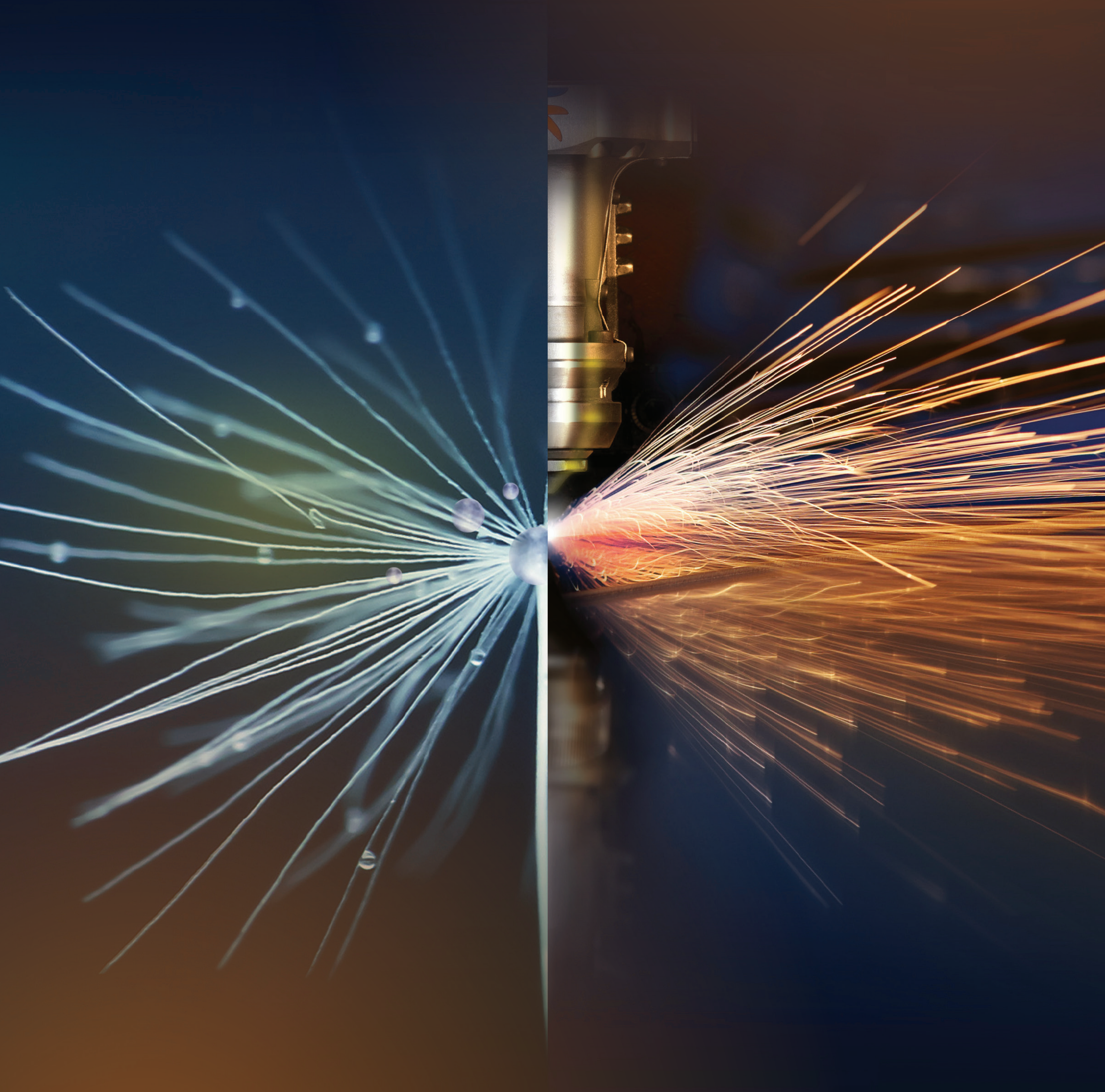
PRIMA INDUSTRIE

FINANCIAL REPORT 2021



PRIMA INDUSTRIE S.p.A.
Registered Office: Via Torino-Pianezza 36 Collegno (TO)
Share Capital Euro 26,208,185 fully paid-up
Company Register and VAT no. 03736080015

Message to shareholders and other stakeholders

Ladies and Gentlemen,

After a very complicated 2020 following the COVID-19 pandemic, in 2021 the economy showed strong signs of recovery. Although not fully normalized yet, the health situation in most countries has clearly improved thanks, above all, to the impact of vaccines, which have limited the severity of the infection.
As a result, business confidence indicators have risen to record-breaking levels, generating a significant upturn in industrial production and GDP. In Italy, these increased respectively by 11.8% and 6.5%.

Companies have accelerated their investment programs, with great benefits for the sector in which our Group is operating.
In particular, the acquisition of new orders reached a record value of Euro 503.3 million, with a 56% increase compared to 2020 and + 23% compared to 2019.
The upswing concerned both orders for new machines (+76%, in line with the 70% indicated by UCIMU Association) and after-sale activities, which grew by 14%.

Looking at the geographical distribution of orders intake for new machines in particular, a strong growth emerged in the Italian market (+150%) where demand was further supported by tax incentives designed to encourage technological investments and the digitalization of production plants.
In the rest of Europe there was an approximately 100% increase in orders for new machines, while in the AMERICAS and APAC areas (less impacted by the pandemic in 2020) it was about 50%.

Analysing the data by target sectors, the increase concerned sheet metal fabrication (drivers: urbanisation and global warming) and automotive (drivers: weight reduction for EV and increase in safety).
Despite the promising growth of the space economy, the aerospace sector on the other hand, still experienced difficulties in civil aviation, which showed the first signs of recovery only in the last part of the year.

The turnover for the 2021 financial year amounted to Euro 407.6 million, up 22.4% compared to 2020, which had suffered from a decrease of 22% compared to 2019. EBITDA was Euro 33.4 million, (+23%) while EBIT amounted to Euro 14.1 million and the net income to Euro 8.0 million. Both indicators were negative in 2020 as a result of the impairment of Euro 8.5 million made on development costs capitalised in previous years.

Two new launches contributed to this growth, the new family of 2D laser machines (Laser Genius+) and the new 3D laser machine (Rapido+) for the Chinese and Asian markets. The investment in R&D remained steady to 4.9% of turnover and mainly focused on the digitalization of the products and processes throughout the Group.

The result of financial management was particularly important: the Group's NFP (including the effects of IFRS 16) showed a marked improvement of approximately Euro 28 million and amounted to Euro -68.4 million. Excluding the leasing component, the improvement appears even more significant, being equal to approximately Euro 35 million with a value of Euro -25.6 million on December 31, 2021.

During 2021, also following the logistical difficulties that are still partly ongoing, the Group gave itself a new organisation by business units: Prima Electro (industrial electronics), Prima Additive (additive manufacturing), Convergent (photonics and laser) and Prima Power (laser and sheet metal working machines and systems).

Prima Power, the largest of these business Units, is in turn structured into 4 Regions: SEMEA (Southern EU, Middle East, Africa), NEU (Northern Europe), AMERICAS and APAC (Asia Pacific including China).
This overall organisation made it possible to assign specific responsibilities to the managing directors of the BU and to the Chief Operating Officers of the Regions. The result has resulted in a leaner structure, with a younger management and better accountability, more "Glocal" at the service of a global market with shrinking supply chains. While more responsibility was delegated to operating units, the Central Coordination and Control structure – including Global Services and Global Procurement, for example – was also strengthened.

Another important event during the year was the completion of the new Collegno plant. Eagerly awaited for several years, the new location brings together the Prima Power employees of Turin (about 450 units) in a single location, with obvious efficiency gains compared to the three locations used previously.
The Group now has modern and energy-sustainable

plants in the main countries where it has production (Italy, Finland, the United States and China).

The current year starts with significant growth perspective, supported by the order book for machines equal to Euro 215.0 million, by after-sales revenues deriving from the remarkable number of installed machinery (over 14,000 units) and by the positive order performance in the first months of the year.

In addition to an improvement in the top line, we hope to boost profitability according to the targets in our 2021-2023 three-year plan, also by accelerating some Group companies' turnaround.

Factors of instability and uncertainty naturally remain, such as international geopolitical tensions, rising inflation, difficulties in supplying certain components, the cost of energy and the fact that the pandemic situation has not yet been fully resolved. However, as far as our competence is concerned, we can ensure our continued commitment to minimizing the effects of such turbulence, by leveraging the resilience of our people and our partners, for which we are deeply grateful.

Gianfranco Carbonato
Executive Chairman

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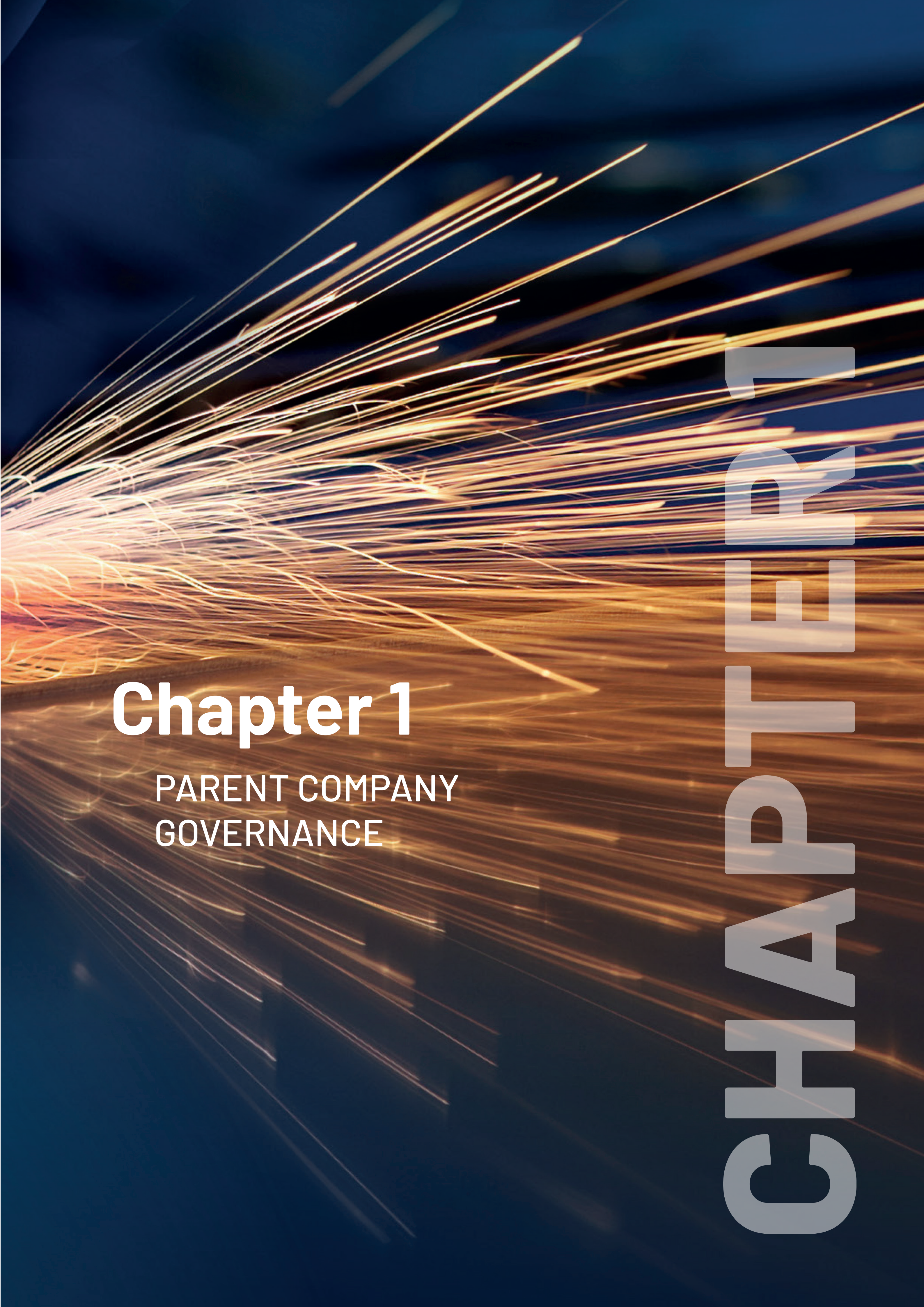


Chapter 1

PARENT COMPANY GOVERNANCE

CHAPTER 1

CHAPTER 1. PARENT COMPANY GOVERNANCE

Board of Directors

EXECUTIVE CHAIRMAN	Gianfranco Carbonato (*)
DEPUTY EXECUTIVE CHAIRMAN	Domenico Peiretti (*)
MANAGING DIRECTOR	Ezio Giovanni Basso
INDEPENDENT DIRECTORS	Donatella Busso Francesca de Fraja Frangipane Paola Gatto Carlalberto Guglielminotti Giuliana Mattiazzo
OTHER DIRECTORS	Mario Mauri Michael R. Mansour Lisa Tan

Control and Risks Committee and Related Parties Committee

CHAIRMAN	Donatella Busso
MEMBERS	Francesca de Fraja Frangipane Paola Gatto

Remuneration Committee

CHAIRMAN	Francesca de Fraja Frangipane
MEMBERS	Mario Mauri Paola Gatto

Strategic Committee

EXECUTIVE CHAIRMAN	Domenico Peiretti
MEMBERS	Carlalberto Guglielminotti Giuliana Mattiazzo Michael R. Mansour Mario Mauri

Board of Statutory Auditors

CHAIRMAN	Franco Nada
AUDITORS	Maura Campra Roberto Petrignani
DEPUTY AUDITORS	Roberto Coda Gaetana Laselva

Audit Company

PricewaterhouseCoopers S.p.A.

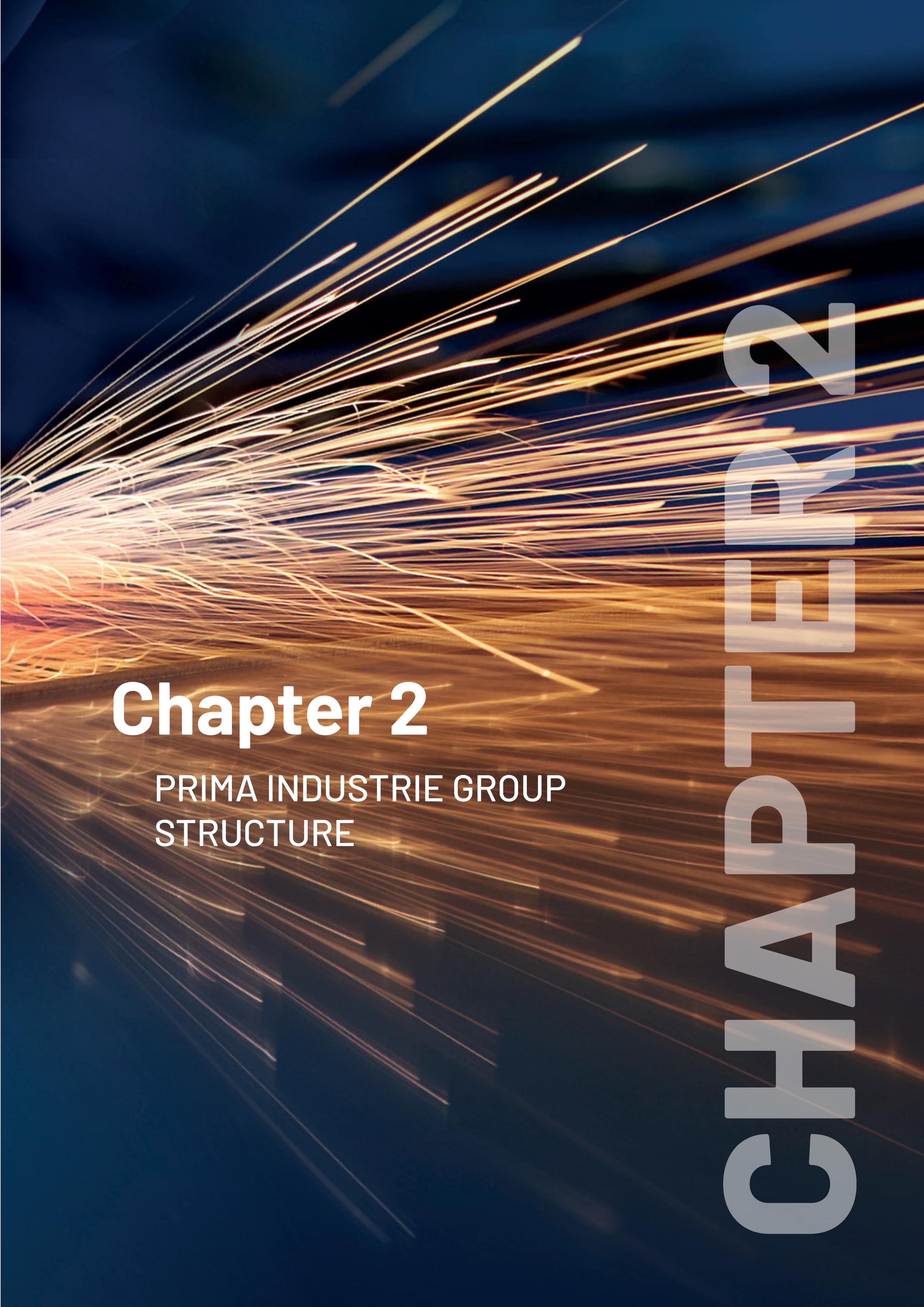
Expiry of Mandates

The Board of Directors shall remain in office until the approval of 2022 Financial Statements.

The Board of Statutory Auditors shall remain in office until the approval of 2021 Financial Statements.

The Audit Company was appointed by the Stockholders' Meeting held on April 11, 2017 for the period 2017-2025.

(*)The Executive Chairman and the Executive Deputy Chairman were also assigned the position of Chief Executive Officer



Chapter 2

PRIMA INDUSTRIE GROUP STRUCTURE

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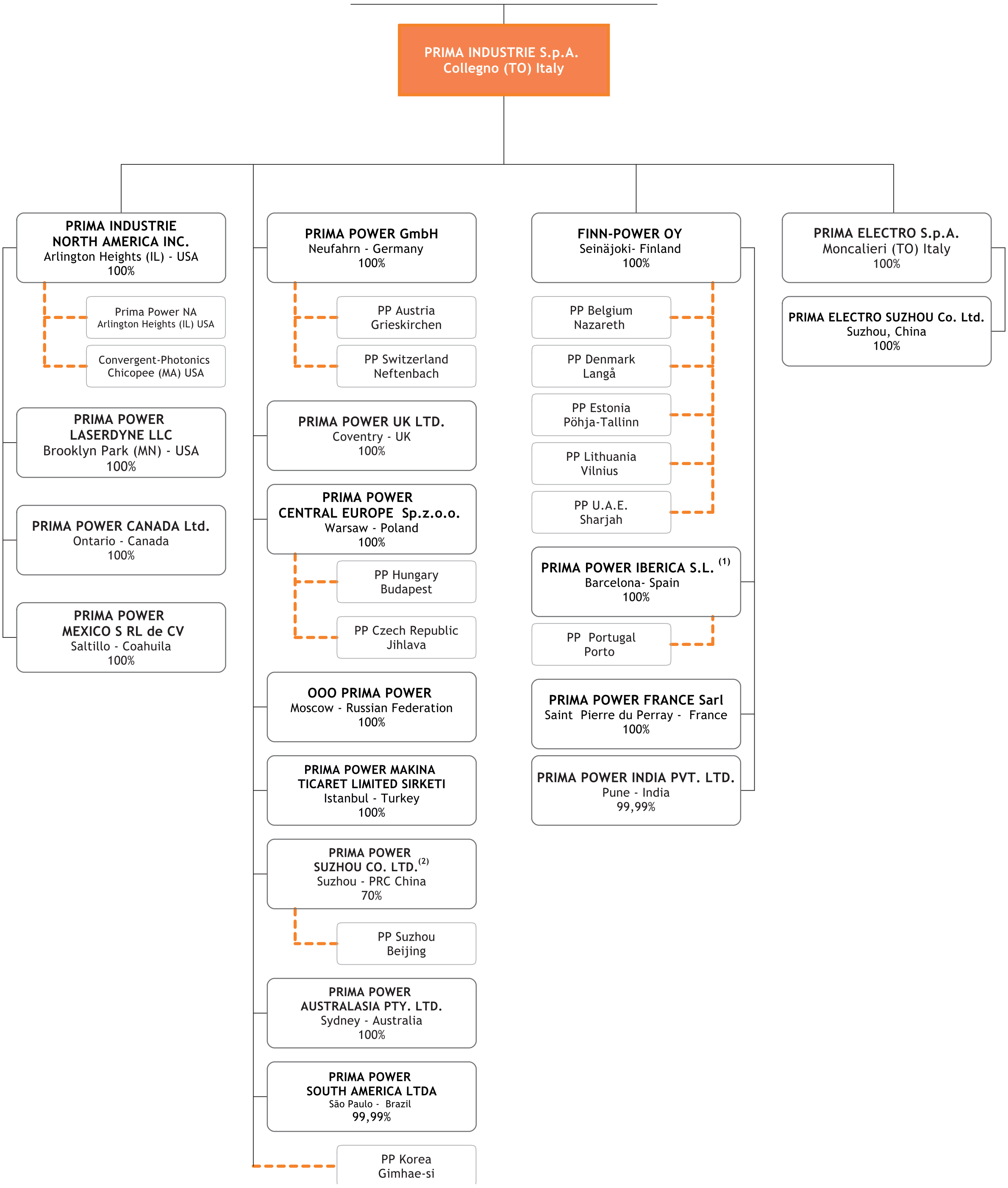


The statement on this page lays out the corporate situation of PRIMA INDUSTRIE Group as at December 31, 2021.
Group business units are identified with dashed lines.

(1) - FINN-POWER OY holds 78% of PRIMA POWER IBERICA SL (the remaining 22% is held by PRIMA INDUSTRIE SpA).

(2) - PRIMA INDUSTRIE SpA holds 70% of PRIMA POWER SUZHOU Co. Ltd. (the remaining 30% is held by third parties).

Chapter 3

PRIMA INDUSTRIE GROUP PROFILE

CHAPTER3

CHAPTER 3. PRIMA INDUSTRIE GROUP PROFILE

The PRIMA INDUSTRIE Group is a market leader in the development, manufacture and sale of laser systems for industrial applications and of machines to process sheet metal, including in the fields of industrial electronics and laser sources.
The Parent Company PRIMA INDUSTRIE SpA, established in 1977 and listed in the Italian Stock Exchange since October 1999 (currently Euronext Star Milan), designs, manufactures and sells high-power laser systems for cutting, welding and surface treatment of three-dimensional (3D) and flat (2D) components, panel bending and bending machines as well as turnkey solutions for the main technologies in the field of Additive Manufacturing: Powder Bed Fusion (PBF) and Direct Metal Deposition (DMD).

The PRIMA INDUSTRIE Group has been present on the market for over 40 years and boasts over 14,000 systems installed in more than 80 countries and its business is structured into the following three divisions:

- PRIMA POWER for laser machines and sheet metal processing;
- PRIMA ELECTRO for industrial electronics and laser technologies;
- PRIMA ADDITIVE for additive manufacturing systems for metal applications.

The **PRIMA POWER** division includes the design, manufacture and sale of:

- cutting, welding and punching machines for three-dimensional (3D) and two-dimensional (2D) metallic components;
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

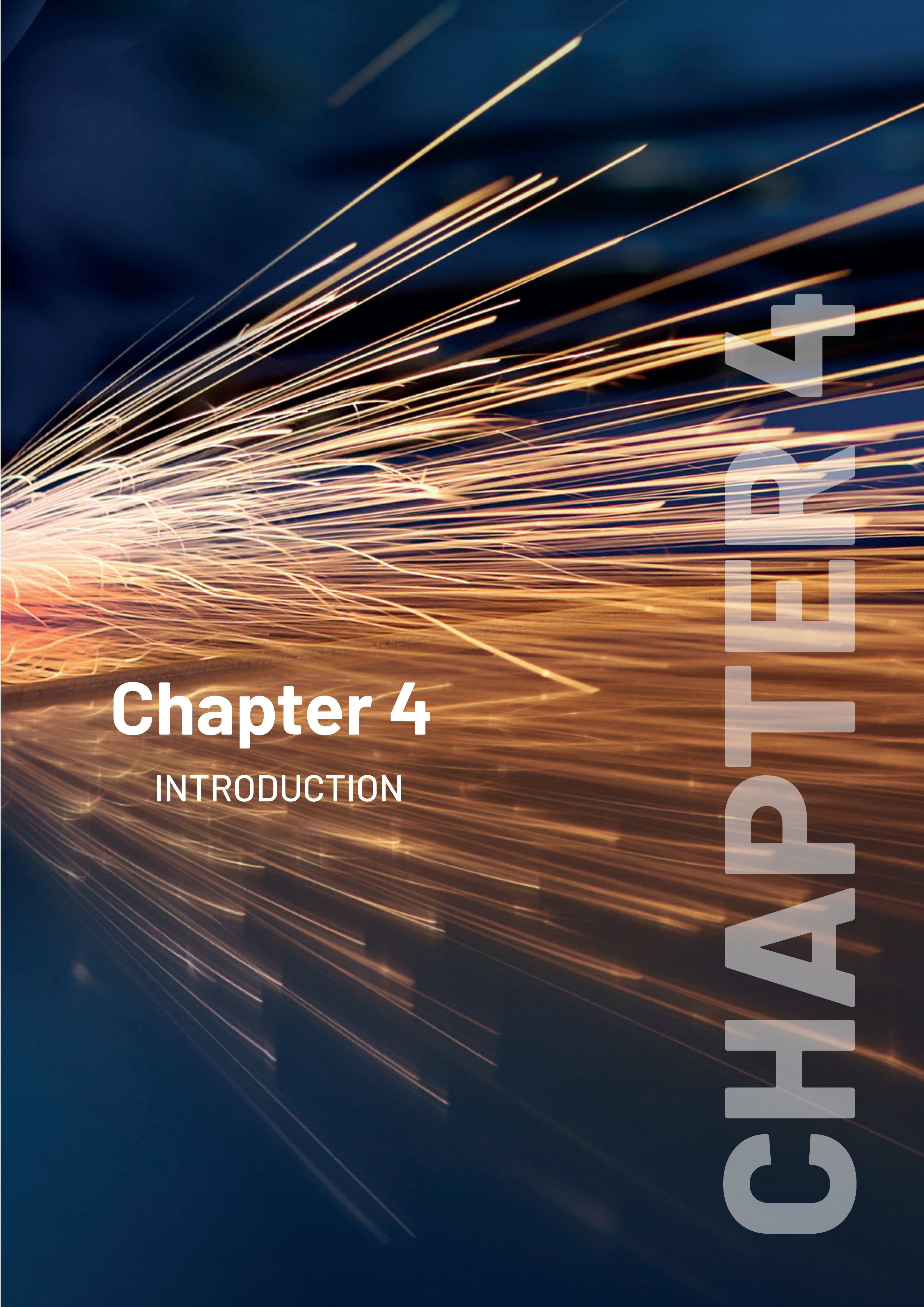
This division owns manufacturing plants in Italy (PRIMA INDUSTRIE SpA), in Finland (FINN-POWER OY), in the United States (PRIMA POWER LASERDYNE Llc), in China (PRIMA POWER SUZHOU Co. Ltd.) and has direct sales and customer service facilities in France, Switzerland, Spain, Germany, the United Kingdom, Belgium, Poland, Czech Republic, Lithuania, Hungary, Russia, Turkey, USA, Canada, Mexico, Brazil, China, India, South Korea, Australia and the United Arab Emirates.

The **PRIMA ELECTRO** Division includes the development, construction and sale of electronic power and control components, and high-power laser sources for industrial applications, intended for the machines of the Group and third customers. The division has manufacturing plants in Italy (PRIMA ELECTRO SpA) and in the United States (PRIMA INDUSTRIE NORTH AMERICA Inc. - CONVERGENT-PHOTONICS), as well as sales facility in China.

The **PRIMA ADDITIVE** Division is dedicated to the design, production and sale of turnkey solutions for the main technologies in the Additive Manufacturing field: Powder Bed Fusion – PBF and Direct Metal Deposition – DMD. The financial and equity data of PRIMA ADDITIVE are currently negligible and do not meet the thresholds set out in IFRS 8 for disclosure purposes and therefore this division's information is currently aggregated to the data for the PRIMA POWER Division.

For over 40 years since its establishment, the mission of the PRIMA INDUSTRIE Group continues to be that of systematically expanding its range of products and services and to continue to grow as a global supplier of laser systems and sheet metal processing systems for industrial applications, including industrial electronics, markets that demand top-range technology and in which growth rates are quite good, though in the presence of a cyclical context.

On March 14, 2022, the Board of Directors approved these draft Financial Statements for 2021, the Consolidated Financial Statements, and the Report on Operations.



Chapter 4

INTRODUCTION

CHAPTER 4. INTRODUCTION

This Annual Financial Report as at December 31, 2021 of PRIMA INDUSTRIE Group was prepared in accordance with the provisions of Article 154-ter, paragraphs 2, 3 and 4 of the Consolidated Law on Finance, as amended, as well as the Issuer Regulations issued by CONSOB; it has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") endorsed by the European Union and by Italian legislation and regulations.

This report was approved by the Board of Directors on March 14, 2022 and is published in accordance with the provisions of Article 2.2.3 of Borsa Italiana SpA Regulations applicable to issuers listed in the Euronext Star Milan segment.

This Annual Financial Report has been audited.

It should be noted that, to improve disclosure of its financial results, the Group has presented the income statement according to functional area, rather than by expenditure type. The cost presentation is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of goods sold" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. It includes all costs for materials, processing and overheads directly attributable to production.

Chapter 5

GROUP REPORT ON OPERATIONS

CHAPTER5

CHAPTER 5. GROUP REPORT ON OPERATIONS

GROUP RESULTS SUMMARY

Values in Euro thousand	December 31, 2021	December 31, 2020	Variations	Variations %
ORDER INTAKE	503,349	323,093	180,256	55.8%
BACKLOG	215,175	124,722	90,453	72.5%
REVENUES	407,572	332,963	74,609	22.4%
EBITDA	33,444	27,185	6,259	23.0%
EBITDA %	8.2%	*8.2%*	*0.0%*	-
EBIT	14,159	(5,258)	19,417	369.3%
EBIT %	3.5%	*-1.6%*	*5.1%*	-
NET RESULT	8,025	(7,414)	15,439	208.2%
FCF	23,878	15,600	8,278	53.1%
NET FINANCIAL DEBT	(68,421)	(96,274)	27,853	28.9%
HEADCOUNT	1,754	1,735	19	1.1%

(% calculated over the revenues, headcount expressed in units)

Values in Euro thousand	December 31, 2021	December 31, 2020	Variations	Variations %
REVENUES AT COSTANT EXCHANGE RATES	412,366	332,963	79,403	23.8%
EBITDA *Adj*	35,683	28,438	7,245	25.5%
EBITDA *Adj* %	8.8%	8.5%	0.3%	-
EBIT *Adj*	16,725	6,481	10,244	158.1%
EBIT *Adj* %	4.1%	1.9%	2.2%	-

(% calculated over the revenues)

(Performance indicators adjusted, as shown in Annex 2 of this document, correspond to the same indicators net of non-recurring items)

SIGNIFICANT EVENTS 2021

APPROVAL OF THE 2021-2023 INDUSTRIAL PLAN

On March 2, 2021 the Board of Directors of PRIMA INDUSTRIE SpA approved the Group's Industrial Plan for the three-year period 2021-2023. The plan assumes a significant recovery of the reference markets and the start of a new multi-year positive cycle. In particular, strong growth is expected in the Chinese market and in the APAC area in general, with the AMERICAS and EMEA improving at a slower pace. In order to achieve the challenging objectives set out in the plan, PRIMA INDUSTRIE has adopted a new organisational model that, in addition to central staff functions, includes four Business Units with a strong technological and regional dimension, which enables it to better focus its activities on the respective business areas. This entailed a simplification of the structure and greater decentralisation of activities, achieved through the development of local technical expertise and the introduction of digitalisation tools. The plan also envisages a strengthening of the Group's capital structure, thanks in part to the expected generation of cash, which will help finance the investment plan and make it possible to plan adequate remuneration for shareholders.

STOCK OPTION INCENTIVE PLAN

On April 20, 2021 the Board of Directors of PRIMA INDUSTRIE approved the 2021-2023 Stock Option Incentive Plan based on the free-of-charge allocation, pursuant to Article 114-bis of the Consolidated Law on Finance and Article 2349 of the Italian Civil Code, on Company shares. The Plan provides for the right of the beneficiaries, identified among the Group's directors and first-level managers, to receive, free of charge, a maximum number of PRIMA INDUSTRIE shares that may actually be allocated in the years 2024 and 2025, to an extent related to the performance conditions achieved according to the pre-established criteria and parameters and the other conditions provided for in the Plan. These objectives include targets able to contribute to the company's strategy, to the pursuit of long-term interests and to their alignment with those of the shareholders; ESG objectives are also envisaged, i.e. linked to the sustainable growth of the company with particular reference to diversity and customer satisfaction, as well as the retention of beneficiaries.

PURCHASE OF TREASURY SHARES

On April 20, 2021, the Board of Directors of PRIMA INDUSTRIE authorised, subject to revocation of the resolution passed on May 12, 2020, the purchase and disposal, on one or more occasions, for a period of eighteen months, of PRIMA INDUSTRIE SpA ordinary shares to the maximum extent of 150,000 shares, or for a maximum purchase price of Euro 5 million, authorising the disposal of treasury shares, on one or more occasions, without time limits, in the manner deemed most appropriate in the interests of the Company and in compliance applicable legislation. Purchases will be carried out according to the procedures provided for in Article 144-bis, paragraph 1, letter b) and paragraph 1-bis of the Issuer Regulations or to other procedures in compliance with the provisions applicable at the time of the transaction.
The purpose of the authorisation includes the possibility of assigning the shares to service stock option incentive plans for directors, employees and collaborators of the company or Group companies, or their use to service any free-of-charge assignments to shareholders, or to service extraordinary transactions or as an instrument to support market liquidity.

MACROECONOMIC CONTEXT

As the world enters the third year of the COVID-19 crisis, economic developments have been both encouraging and worrying, overshadowed by many risks and considerable uncertainty, and the world economy continues to recover but faces many major challenges.
The good news is that production in many countries rebounded in 2021 after a sharp decline in 2020.
The advanced economies and many middle-income countries have achieved remarkable vaccination rates. International trade has increased and high commodity prices are benefiting many developing countries. Internal financial crises and external debt restructuring have been less frequent than might have been expected in a time of severe global shocks.
Nevertheless, progress towards recovery has been hampered by numerous challenges.
The unpredictable course of the pandemic has exacerbated disruptions to supply chains, while another major risk is the potential for sustained slippage into inflation. To this was recently added the conflict between Russia and Ukraine which could now, surprisingly, upset a scenario already marked by uncertainties.
As regards the Coronavirus pandemic, it is emphasised that the world economy is still slowing down, however the effects of the restrictions are less significant than in the past despite the negative repercussions for some sectors, including air transport, tourism, hospitality and catering.
The disruptions to supply chains that have been extended to most sectors, from manufacturing to construction, have continued, reducing the prospects for GDP growth in 2022 for many European countries, as well as for the United States and China.
Inflation is a significant risk, especially as commodity prices continue to rise. In Europe, specifically, disruptions to supply chains and strong demand have led to higher producer and energy prices. Furthermore, this notable rise risks increasing social pressures in emerging and developing countries, already exacerbated by the increase in inequalities linked to the pandemic.
The inflationary scenario is expected to ease in the second half of the year.
Disruptions to supply chains and inflation are among the risks impacting the global economic recovery the most. Therefore, the scenario that emerges remains uncertain.
In the background, the Ukrainian crisis could make some indicators plummet and have a heavy impact on supply

chains and the cost of raw materials.
In Italy, GDP grew by 6.5% in 2021. In 2021 the Italian economy recorded exceptionally intense growth due to the strong recovery of production activity, after a 2020 characterised by the effects of the health emergency. Domestic demand was the main driver of GDP growth, while foreign demand and inventory changes made very limited contributions.
As for the European Union, according to the 2022 economic forecasts, after a significant expansion of 5.3% in 2021, the economy will grow by 4.0% in 2022 and 2.8% in 2023. Growth in the euro area will amount to 4.0% in 2022 and then drop to 2.7% in 2023.
In the United States, the process of reallocation of activities and employment caused by the pandemic is still underway both domestically and globally, with excess demand and widespread price increases. The forecast for 2022 is for growth of 3.5% and 2.1% in 2023, with a gradual reduction of excess demand and corresponding upward pressures on inflation caused by tensions in the shipping sector and of global value chains. As regards inflation, on the other hand, this is expected to decrease to 2.6% in 2022 and then towards 2% in 2023.
2021 was a good year for China, whose economic growth exceeded expectations. In fact, during 2021, China's GDP increased by 8.1% over 2020 which, unlike the negative data of many European countries, was in turn better than that of 2019 despite the spread of the pandemic. However, in the last few months of 2021 the Chinese economy slowed down: GDP growth in the fourth quarter of last year halted at 4%. The forecasts for China's economic growth in 2022 stand at 5-5.5%.
With reference to the investment goods sector, in Italy UCIMU notes that the positive trend recorded in 2021 will also continue in 2022, a year which will coincide with the full recovery of the collapse due to the pandemic. In particular, according to the forecasts drawn up by the UCIMU Study Centre, in 2022 production will grow to Euro 7,015 million (+10.9% compared to 2021), driven by the recovery of exports which will reach Euro 3,620 million (+7.7%) and the increase in deliveries by manufacturers on the domestic market which will rise to Euro 3,395 million (+14.5%). Consumption will also continue to grow in 2022, reaching Euro 5,205 million, equal to 12.1% more than in 2021.
The forecasts could assume their full implementation with the investment programmes of the National Recovery and Resilience Plan, agreed at EU level, as well as with the full effectiveness of the ECB's monetary policy measures. The set of stimulus measures financed with European funds (one of them being the NextGenerationEU programme) and with the interventions planned with the budget measures for 2022 would support GDP by about three percentage points in the three-year period 2021-23.
In conclusion, from a medium-term perspective, the context of the international economy appears relatively favourable, but if the frictions in logistics, the jump in energy costs, as well as geopolitical tensions were to be reabsorbed more slowly than expected, there would be serious risks for the long-awaited economic growth.

ECONOMIC PERFORMANCE

Group turnover as at December 31, 2021 was equal to Euro 407,572 thousand, an increase of 22.4% compared to 2020. At constant exchange rates, consolidated turnover at December 31, 2021 would have been up 23.8% compared to December 31, 2020.

Here below are the main economic indicators of the Group, compared with the corresponding period of the previous year.

Values in Euro thousand

December 31, 2021	REVENUES	GROSS MARGIN	GROSS MARGIN %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	381,273	82,559	21.7%	31,102	8.2%	15,390	4.0%	8,966
PRIMA ELECTRO	48,615	6,203	12.8%	2,452	5.0%	(1,120)	-2.3%	(866)
ELIMINATIONS	(22,316)	(236)	-1.1%	(110)	-0.5%	(111)	-0.5%	(75)
GROUP	**407,572**	**88,526**	**21.7%**	**33,444**	**8.2%**	**14,159**	**3.5%**	**8,025**

(% calculated over the revenues)

Values in Euro thousand

December 31, 2020	REVENUES	GROSS MARGIN	GROSS MARGIN %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	310,799	65,342	21.0%	25,443	8.2%	8,851	2.8%	4,592
PRIMA ELECTRO	41,060	3,485	8.5%	1,802	4.4%	(14,048)	-34.2%	(9,861)
ELIMINATIONS	(18,896)	(138)	-0.7%	(60)	-0.3%	(61)	-0.3%	(2,145)
GROUP	**332,963**	**68,689**	**20.6%**	**27,185**	**8.2%**	**(5,258)**	**-1.6%**	**(7,414)**

(% calculated over the revenues)

Values in Euro thousand

VARIATIONS	REVENUES	GROSS MARGIN	GROSS MARGIN %	EBITDA	EBITDA %	EBIT	EBIT %	NET RESULT
PRIMA POWER	70,474	17,217	24.4%	5,659	8.0%	6,539	9.3%	4,374
PRIMA ELECTRO	7,555	2,718	36.0%	650	8.6%	12,928	171.1%	8,995
ELIMINATIONS	(3,420)	(98)	-2.9%	(50)	-1.5%	(50)	-1.5%	2,070
GROUP	**74,609**	**19,837**	**26.6%**	**6,259**	**8.4%**	**19,417**	**26.0%**	**15,439**

(% calculated over the revenues)

The consolidated revenues are shown here below, split down on a geographic basis, as at December 31, 2021 compared with the corresponding period of the previous year:

REVENUES	December 31, 2021		December 31, 2020	
	Euro thousand	%	Euro thousand	%
SEMEA (*)	148,676	36.5	106,700	32.0
NORTH EUROPE	89,030	21.8	83,217	25.0
AMERICAS	104,239	25.6	99,061	29.8
APAC	65,627	16.1	43,985	13.2
TOTAL	**407,572**	**100.0**	**332,963**	**100.0**

(*) South Europe. Middle East & Africa

The above table shows that the Group turnover as at December 31, 2021 (compared with the corresponding period of the previous year) had a significant recovery in the SEMEA area (+39.3%) and the APAC area (+49.2%). The trend is stable in the AMERICAS (+5.2%), which is the area which was least affected by the crisis linked to COVID-19 in 2020, and in the NORTH EUROPE area (+7.0%).

The main destination countries in the SEMEA area were Italy (20.9% of consolidated revenues), Poland and Eastern Europe (5.3% of consolidated revenues) and Spain and Portugal (4.1% of consolidated revenues).

The main countries of destination in the NORTH EUROPE area were Finland and the Baltic countries (9.0% of consolidated revenues), the DACH countries (5.7% of consolidated revenues), Russia (3.8% of consolidated revenues) and Benelux (3.3% of consolidated revenues).

The share of revenues realised in the AMERICAS went from Euro 99,061 thousand to Euro 104,239 thousand, of which Euro 82,169 thousand were generated by the United States. At constant exchange rates, turnover in the region would have grown by 8.5%.

In the APAC region, revenues increased by 49.2% compared to 2020, from Euro 43,985 thousand to Euro 65,627 thousand. The increase is attributable to revenues in China, which grew from Euro 26,617 thousand (as at December 31, 2020) to Euro 44,069 thousand (as at December 31, 2021).

Below is a breakdown of revenues by segment gross of inter-sector transactions:

REVENUES	December 31, 2021		December 31, 2020	
	Euro thousand	%	Euro thousand	%
PRIMA POWER	381,273	93.5	310,799	93.3
PRIMA ELECTRO	48,615	11.9	41,060	12.3
Inter-sector revenues	(22,316)	(5.4)	(18,896)	(5.6)
TOTAL	**407,572**	**100.0**	**332,963**	**100.0**

The **cost of goods sold** as at December 31, 2021 amounted to Euro 319,046 thousand, an increase of Euro 54,772 thousand compared to December 31, 2020 (Euro 264,274 thousand).

The Group **Gross Margin** as at December 31, 2021 amounted to Euro 88,526 thousand, an increase of Euro 19,837 thousand from the figure of Euro 68,689 thousand in 2020; the margin as a percentage of revenues is 21.7%, an increase compared with December 31, 2020 (20.6%).

The **research and development activity** carried out by the Group during 2021 was equal overall to Euro 19,973 thousand (of which Euro 15,945 thousand in the PRIMA POWER sector and Euro 4,028 thousand in the PRIMA ELECTRO sector), which comes to 4.9% of turnover.
The capitalised share was equal to Euro 2,390 thousand (of which Euro 934 thousand in the PRIMA POWER sector and Euro 1,456 thousand in the PRIMA ELECTRO sector), down compared to Euro 5,479 thousand as at December 31, 2020.
Costs sustained in research and development activities for new products proved the Group main purposes in investing for the future and improving products always in the competitiveness on the international markets. For all the capitalised development activities, the technical feasibility has been verified as well as the generation of probable future economic benefits.

Net research and development costs amounted to Euro 22,603 thousand compared to Euro 28,351 thousand at December 31, 2020. It should be noted that as at December 31, 2020 this item included an impairment of Euro 10,486 thousand relating to the PRIMA ELECTRO Division. This item also includes non-capitalisable costs relating to research and development projects, the costs of Tech Centres and the overheads associated with them and is shown net of income from contributions (both national and European) accounted for in accordance with the competence.

Sales and marketing expenses, which include business structure costs such as personnel, trade fairs and events, the demo centre, promotional and advertising activities and related overheads, amounted to Euro 26,732 thousand and increased by Euro 3,444 thousand compared to Euro 23,288 thousand as at December 31, 2020.

General and administrative expenses, which includes costs related to Group or Divisional management structures, Finance costs, HR, IT and overheads, came to Euro 25,032 thousand, an increase over the figure of Euro 22,308 thousand as at December 31, 2020.

The Group **EBITDA** as at December 31, 2021 stood at Euro 33,444 thousand, equal to 8.2% of revenues against Euro 27,185 thousand, equal to 8.2% of revenues as at December 31, 2020.
EBITDA was negatively affected by non-recurring costs of Euro 2,239 thousand (as at December 31, 2020 they were equal to Euro 1,253 thousand); therefore, **adjusted *EBITDA*** [(1)] amounted to Euro 35,683 thousand (8.8% of revenues). In particular, in the last quarter of the year **Adjusted *EBITDA*** [(1)] amounted to Euro 11,642 thousand (equal to 9.2% on the quarterly turnover).

The Group **EBIT** as at December 31, 2021 amounted to Euro 14,159 thousand, equal to 3.5% of revenues against the figure of negative Euro 5,258 thousand equal to -1.6% of previous year's revenues.
Moreover, this result is affected by:

- amortisation of intangible fixed assets totalling Euro 7,897 thousand (relating to development costs of Euro 5,301 thousand and to the trademark recognised in connection with the business combination of the FINN-POWER Group, amounting to Euro 1,908 thousand) and write-downs of Euro 61 thousand.
- depreciation of property, plant and equipment totalling Euro 11,061 thousand and a write-down of some Non-current assets held for sale for Euro 266 thousand.

EBIT at December 31, 2021 is penalised by non-recurring costs equal to Euro 2,566 thousand; consequently, ***adjusted EBIT***[(1)] was at Euro 16,725 thousand (4.1% of revenues). In particular, in the last quarter of the year ***Adjusted EBITDA***[(1)] amounted to Euro 7,043 thousand (equal to 5.6% on the quarterly turnover).

The Group **EBT** at December 31, 2021 is positive for Euro 10,224 thousand against the negative -Euro 10,560 thousand at December 31, 2020.
The Group EBT was impacted by net financial expenses (including gains and losses on exchange rates) for Euro 3,935 thousand (as at December 31, 2020 they were equal to Euro 5,307 thousand).

*(1) Note that, as illustrated in Annex 2 to this report, the **adjusted** performance indicators are the same indicators net of non-recurring items only. For more information about the non-recurring items, see the section in the Explanatory Notes to the Financial Report.*

FINANCIAL RESULTS (€/000)	December 31, 2021	December 31, 2020
Bond expenses	(919)	(917)
Main Bank Loans expenses	(923)	(1,282)
Derivatives expenses (CRS)	(699)	749
Derivatives expenses (IRS)	(292)	(315)
Lease expenses	(1,186)	(1,292)
Other financial expenses	(1,193)	(1,065)
Net financial expenses	**(5,212)**	**(4,122)**
Net exchange differences	1,277	(1,185)
TOTAL	**(3,935)**	**(5,307)**

The Group **NET RESULT** as at December 31, 2021 showed a profit of Euro 8,025 thousand vs. the loss of Euro 7,414 thousand as at December 31, 2020; while the net result attributable to the parent company was a profit of Euro 7,798 thousand. In particular, the net result of the last quarter was positive by Euro 6,403 thousand.

Taxes for 2021 showed a net negative balance of -Euro 2,199 thousand. The balance of current and deferred taxation amounted to a negative figure of -Euro 2,347 thousand and other taxes, including those related to previous years, amounted to +Euro 148 thousand.

ASSETS, LIABILITIES AND FINANCIAL POSITION

The reclassified balance sheet of PRIMA INDUSTRIE Group is shown below.

VALUES IN EURO THOUSAND	December 31, 2021	December 31, 2020	Variations
Tangible and intangible fixed assets	90,598	87,367	3,231
Goodwill	97,880	97,751	129
Investments and other non current assets	7,321	6,620	701
Deferred tax assets	18,823	17,656	1,167
NON-CURRENT ASSETS	**214,622**	**209,394**	**5,228**
Inventories	134,859	118,689	16,170
Trade receivables	91,164	77,624	13,540
Trade payables	(98,239)	(69,390)	(28,849)
Advance payments	(52,450)	(40,019)	(12,431)
OPERATING WORKING CAPITAL	**75,334**	**86,904**	**(11,570)**
Other current assets and liabilities	(17,254)	(10,512)	(6,742)
Current tax assets and liabilities	574	(691)	1,265
Provisions for risks and employee benefits	(29,234)	(26,853)	(2,381)
Deferred tax liabilities	(4,678)	(4,759)	81
Non-current assets held for sale	4,775	5,255	(480)
NET INVESTED CAPITAL	**244,139**	**258,738**	**(14,599)**
NET INDEBTEDNESS	**68,421**	**96,274**	**(27,853)**
SHAREHOLDER'S EQUITY	**175,718**	**162,464**	**13,254**
Stockholders' equity of the Group	172,306	159,620	12,686
Minority interest	3,412	2,844	568
LOAN SOURCES	**244,139**	**258,738**	**(14,599)**

Property, plant and equipment and intangible fixed assets (other than Goodwill) increased by Euro 3,231 thousand from the previous year. Changes in 2021 relate to:

- net increases of Euro 22,388 thousand (including Euro 2,390 thousand for development costs);
- early termination of real estate lease contracts for Euro 1,401 thousand;
- amortisation and depreciation for Euro 18,958 thousand;
- write-down of an intangible asset of PRIMA POWER FRANCE for Euro 61 thousand;
- positive reclassifications from other balance sheet items amounting to Euro 27 thousand;
- positive exchange rate effect of Euro 1,236 thousand.

The change for the year in Goodwill is attributable to currency adjustments only.

Operating working capital decreased by Euro 11,570 thousand compared to the previous year.

As at December 31, 2021 the **Net Financial Indebtedness** of the Group [(2)] was equal to Euro 68,421 thousand, improving by Euro 27,853 thousand compared to December 31, 2020.

Below is a breakdown of Group net financial indebtedness.

VALUES EXPRESSED IN EURO THOUSAND	December 31, 2021	December 31, 2020
NON CURRENT FINANCIAL ASSETS	(4,233)	(4,233)
CASH & CASH EQUIVALENTS	(67,267)	(62,999)
CURRENT FINANCIAL ASSETS	(372)	(423)
CURRENT FINANCIAL LIABILITIES	39,886	52,861
NON CURRENT FINANCIAL LIABILITIES	57,575	75,336
NET FINANCIAL DEBT (before leasing)	**25,589**	**60,542**
LEASING LIABILITIES	42,832	35,732
NET FINANCIAL DEBT	**68,421**	**96,274**

To provide better information with regard to the consolidated net financial indebtedness at December 31, 2021, the following should be considered (including ancillary costs and accrued interest):

- the Bond amounted comprehensively to Euro 25,584 thousand;
- the main bank loans amount to Euro 36,181 thousand; it should be noted that in December 2021 the BNL bank loan signed by Prima Industrie SpA in 2018 was renegotiated; the new conditions envisage a new final maturity on December 19, 2025 instead of June 19, 2023 and a margin of 160 percentage points instead of 155;
- payables due to leasing companies amount to Euro 42,832 thousand.

For more details on the net financial position, see Note 11 - Net Financial Indebtedness.

The shareholders' equity attributable to the shareholders of the parent company increased by Euro 12,686 thousand compared to the previous year. This increase is the result of the positive effects deriving from the conversion reserve (Euro 5,499 thousand), the result for the period (Euro 7,798 thousand), the stock grant plan (Euro 223 thousand), the reserve for adjusting the fair value of derivatives (Euro 207 thousand) and other reserves (Euro 35 thousand) which were offset by the negative effects deriving from the purchase of treasury shares (Euro 1,076 thousand). The equity of minority shareholders increased by Euro 568 thousand due to the overall result for the period attributable to third parties.

(2) *Reconciliation between **Group Net Financial Indebtedness** (used as a performance indicator) and the Financial Indebtedness required by ESMA Document 32-382-1138 of March 4, 2021 is provided in the Explanatory Notes*

The change in net financial indebtedness in terms of flows of the PRIMA INDUSTRIE Group at December 31, 2021 is shown below, compared with the previous year.

VALUES IN EURO THOUSAND	December 31, 2021	December 31, 2020	Variations
Net Financial Indebtedness Opening	**(96,274)**	**(107,343)**	**11,069**
Cash from operating activities before TWC	33,081	19,946	13,135
Change in Trade Working Capital	11,570	10,315	1,255
Cash from operating activities	**44,651**	**30,261**	**14,390**
Investments in development costs	(2,390)	(5,729)	3,339
Other investments	(18,383)	(8,932)	(9,451)
Cash from investment activities	**(20,773)**	**(14,661)**	**(6,112)**
FREE CASH FLOW (FCF)	**23,878**	**15,600**	**8,278**
Treasury stock	(1,076)	-	(1,076)
Net financial result of investments	-	5	(5)
Cash from financing activities	**(1,076)**	**5**	**(1,081)**
Net exchange differences	5,051	(4,536)	9,587
CASH FLOW - TOTAL	**27,853**	**11,069**	**16,784**
Net Financial Indebtedness Closing	**(68,421)**	**(96,274)**	**27,853**

IMPAIRMENT TEST

The impairment test on assets within the scope of IAS 36, including goodwill is an essential part of preparing the PRIMA INDUSTRIE Group's financial statements.
To enable users of the financial statements to understand the entire asset measurement process (the underlying assumptions, the estimation method, the parameters used, etc.), the following notes to the consolidated financial statements (see Note 2 – Intangible assets) will provide a broad explanation of the Directors' assessments and assumptions on this matter. The methodological approach and the assumptions underlying the impairment test on goodwill were approved independently by the Directors of PRIMA INDUSTRIE before approval of these financial statements.
It should be noted that no impairment losses emerged from the impairment exercises carried out.

BUSINESS PERFORMANCE

During 2021, the Group's acquisition of orders (including after-sales service) amounted to Euro 503.3 million, an increase of 55.8% compared to the figure of Euro 323.1 million as at December 31, 2020 and 22.6% compared to December 31, 2019. The acquisition of orders of the PRIMA POWER sector amounted to Euro 469.2 million, while the PRIMA ELECTRO segment, considering the ones from customers outside the Group, amounted to Euro 34.1 million.
The consolidated order backlog (not including the after-sale service) as at December 31, 2021 amounted to Euro 215.2 million, up from Euro 124.7 million as at December 31, 2020. The backlog includes Euro 198.6 million relating to the PRIMA POWER sector and Euro 16.6 million relating to the PRIMA ELECTRO sector.

PERSONNEL

As at December 31, 2021, the Group had 1,754 employees, of which 1,531 in the PRIMA POWER Division and 223 in the PRIMA ELECTRO Division, up overall by 19 compared to December 31, 2020.

VALUES EXPRESSED IN UNITS	PRIMA POWER		PRIMA ELECTRO		PRIMA GROUP	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Production & Installation	521	504	108	117	629	621
Service & Spare Parts	510	502	11	14	521	516
R&D	200	202	70	72	270	274
Sales & Marketing	172	171	10	9	182	180
General & Administrative	128	123	24	21	152	144
Totale	**1,531**	**1,502**	**223**	**233**	**1,754**	**1,735**

RELATED-PARTY TRANSACTIONS

During the reporting period, no significant related-party transactions were concluded in accordance with Article 5, paragraph 8 of the Regulations containing provisions on related parties No. 17221, issued by CONSOB on March 12, 2010. For further details of the operations carried out by the Group with related parties, refer to -Information on related parties on Explanatory Notes.

There follows a summary report of the operations (disbursements and repayments) related to intercompany loans which, pursuant to Article 14, paragraph 2 of the said Regulation and Article 32 of the procedure adopted by the company with regard to related parties, are exempt from the application of the procedure.

VALUES EXPRESSED IN EURO THOUSAND	Dec 31, 2020	ISSUED	REIMBURSEMENTS	DIFFERENCES ON EXCHANGE RATES	INTERESTS	Dec 31, 2021
Loans issued by Prima Industrie SpA						
Prima Power South America Ltda	519	-	-	-	7	526
Prima Electro SpA	-	1,713	-	53	8	1,774
Prima Power Suzhou CO. LTD.	2,240	-	(2,256)	-	16	-
Loans issued by Prima Power Iberica S.L.						
Prima Industrie SpA	2,000	1,000	(40)	-	40	3,000
Loans issued by Finn-Power OY						
Prima Industrie SpA	5	1,648	(10)	117	15	1,775
Loans issued by Prima Electro SpA						
Prima Industrie SpA	9,228	-	(4,857)	-	114	4,485
Loans issued by Prima Power Central Europe Sp.z.o.o.						
Prima Industrie SpA	2,045	1,000	(57)	-	43	3,031
Loans issued by Prima Industrie North America - Prima Power NA						
Prima Power Laserdyne LLC	186	-	(186)	-	-	-
Prima Industrie SpA	4,137	15,447	(73)	862	103	20,476
Prima Industrie North America - Convergent-Photonics	8,369	2,207	(140)	698	-	11,134
TOTAL	**28,729**	**23,015**	**(7,619)**	**1,730**	**346**	**46,201**

RISK MANAGEMENT OF PRIMA INDUSTRIE GROUP

The Risk Model of PRIMA INDUSTRIE Group, based on reference standards adapted to the Group's specific risk categories, involves the mapping of risks by categories identified according to the nature of the risks. This model is reconsidered concurrently with the necessary organisational changes. These updates aim to reallocate the risk mapping according to a scheme by category: context risks and process risks (in turn divided into strategic, operational and financial).

Generally, the PRIMA INDUSTRIE Group operates within a very dynamic market and hence faces multiple risks as it conducts business. Therefore, in addition to the risks described below, further risks and uncertainties may arise of which the Group currently has no knowledge or which are not currently considered important.

Below is a brief description of the main risks to which the Group is exposed.

CONTEXT RISK

Risks associated with general economic conditions and the cyclical nature of the reference commodity markets

Since it operates within a global competitive context, the economic and financial situation of PRIMA INDUSTRIE Group is influenced by general conditions and world economic trends. Therefore, any negative economic situation or political instability in one or several of the group's geographical markets, including reduced opportunities for access to credit, can have a significant impact on economic performance and can influence its future prospects, in the short, medium and long term.

The Group's business also depends on the performance of some commodity markets (automotive, aerospace, home appliances, etc.) which are historically subject to cyclical variations and uncertain future economic prospects. Any negative economic performance on one or more of these markets, regardless of overall positive developments in the global economy, may significantly affect the Group's economic and financial performance and strategic perspective in the short, medium and long term and may have a negative effect on the business conducted by the Group and on its economic and financial position.

Risks relating to catastrophes, war events, climate-related events and pandemics

As an international industrial group, PRIMA INDUSTRIE is also exposed to the risks related to epidemics and pandemics. The recent health emergency from COVID-19 represented a major discontinuity with impacts not only on people's health but also on economic performance in the world market. The aspects related to the COVID-19 health emergency were included in the ERM risk analysis (Enterprise Risk Management) to identify and implement possible measures to minimise the risk of the spread of the pandemic and redirect corporate strategy. War events such as, for example, the current conflict between Russia and Ukraine, can have significant consequences on the performance of the Group's operating activities and on the performance of some markets.

Risks associated with new competitors entering the market

The Group's sector of industry is characterised by a high technological barrier to entry. It is therefore unlikely that a large number of new competitors will enter sector, although the spread of fibre technology has reduced barriers to entry for laser machines. However, it is possible that investors with substantial financial resources – and therefore able to attract sufficient human resources and to financially support the considerable initial investment required to become competitive in the market – may enter the market and change the competitive framework and therefore the Group's product profitability. Similarly, the Group's existing competitors can consolidate their positions through mergers, joint ventures or other forms of trade agreements. As a result, the PRIMA INDUSTRIE Group can compete with groups that have greater financial resources, are larger and with better production capacity, as well as a more diversified presence in the world able to develop greater economies of scale and aggressive pricing policies.

In addition, if the Group should be unable to continue to supply its services to existing customers, ensure a high level of satisfaction or develop new products and services, to attract new customers, meet their needs, increase efficiency and reduce overheads, it might not be able to successfully compete in key markets. If the Group is unable to maintain its position in the relevant markets, this could have a negative impact on the business, results, financial condition or future prospects.

PROCESS RISKS - STRATEGIC

Risks related to competition
The market in which PRIMA INDUSTRIE Group operates is characterised by strong competition and a high rate of technological innovation. In light of this, the Group's activities are particularly focused on research and development and introducing new technologically advanced products to meet market demand. However, there is no certainty that these activities will enable the Group to maintain and/or improve its competitive position, even in the face of the possibility of more innovative competing products. In this case, the Group's assets, operating profitability and financial position can be adversely affected. Notwithstanding the existence of patents and other forms of intellectual property protection on which the Group relies, there is the possibility that competitors might develop (without infringing the Group's intellectual property) similar products or technologies or create alternative ones, with lower costs and greater quality or with a higher level of functionality. This could have negative effects on the Group's competitiveness, with a consequent negative impact on its economic and financial position.

Risks related to technological innovation and the introduction of new products
The business of PRIMA INDUSTRIE Group heavily features research and development and the introduction of new technologically advanced products. Any delay in the introduction of new products, in the context of a dynamic and competitive market, is likely to damage the Group's strategy, with negative effects on profitability and financial standing.

Risks related to intellectual property and know-how
The PRIMA INDUSTRIE Group owns a number of patents and other intellectual property. In addition, the Group cannot guarantee that any required or planned patent, in the new technological development plans, will be granted in each country in which it is needed or is expected to be granted. External parties may infringe the Group's patents and/or intellectual property rights and it may not be able to counter such violations. Consequently, if the Group should be unable to protect its intellectual property, it might not be able to benefit from the technological progress achieved, leading to lower future results, and a worsening of the Group's competitive position.
In parallel, the Group cannot rule out the possibility of infringing patents or other intellectual property rights of third parties, which could result in a ban on use of the technologies involved or alteration of production processes or the payment of compensation.
The PRIMA INDUSTRIE Group cannot guarantee protection of its trade secrets, or that third parties will not develop the same or similar know-how independently. Any delivery and production restrictions or production interruptions due to patent infringement, or the subsequent acquisition of corresponding licences, may have an important adverse effect on the Group's business and results.

Risks associated with potential future acquisitions
The PRIMA INDUSTRIE Group evaluates the opportunity to improve its business operations by carrying out efficiency drives or expanding its product range. As a result, the Group has achieved, and may in the future perform, acquisitions or strategic partnerships or other significant operations. These operations could result in a further rise in debt and/or other liabilities that could have an adverse effect on the Group's economic and financial position.

Risks associated with the Group's presence on international markets and new emerging markets
In recent years, the PRIMA INDUSTRIE Group has developed an extensive geographical organisation and today has sufficient commercial coverage of emerging markets. The management of an international organisation requires strong management and significant financial resources. The presence of international markets involves additional risks such as changing market conditions, trade barriers, differences in taxation and restrictions on foreign investment.
In addition to the above, it is important to highlight that the current international context presents significant socio-political risk factors that could lead to extensive military conflicts over rather large regions. Such conflicts could originate a context characterised by economic sanctions aimed at limiting or preventing the PRIMA INDUSTRIE Group from carrying out normal business activities. In this sense, mention is made of the current system of sanctions being enacted, at international level, against Russia.
These are sanctions which, for the PRIMA INDUSTRIE Group, have placed severe limitations on operating with customers in the Russian area and significant exposure to fluctuations in the local currency.

In recent years, the Group has expanded its presence geographically into emerging markets. Maintaining market share may involve sustaining financial, commercial and technical investments; failing that, the percentage held by the company may decline, with negative impacts on the overall economic performance.

Risks related to the employment of key personnel in the Group
The PRIMA INDUSTRIE Group includes some key figures who, through their experience in the industry and deep knowledge of the Group's business, gained thanks to their long relationship with the Group, have contributed decisively to its success. The Group's future results depend in part on the skills and involvement of key figures.
The Group's ability to attract and retain qualified personnel is one of the elements that contribute to certain results. If one or more key figures stops working with the Group and the latter were unable to attract additional qualified personnel, there is a risk that it might not be able to replace them quickly with equally qualified people who are capable of providing, even in the short term, the same contribution, with consequent negative effects on business and on the Group's economic and financial position.

PROCESS RISKS - OPERATING

Risks associated with possible defects in products sold by the Group and related to the timing of deliveries to customers
The PRIMA INDUSTRIE Group manufactures and sells products with high technological content. A significant portion of the products sold is represented by new or newly designed products, which, due to their complexity, can present quality issues and require long installation times. Any defects in products may require extraordinary maintenance and entail contractual liabilities, as well as having a negative impact on the Group's image.
In this regard, it should be noted that both divisions of the PRIMA INDUSTRIE Group consider continuous quality improvement a primary goal. In this respect, the two divisions have formed autonomous organisations aimed at continuous quality control, while each production plant has local units that operate according to the principles of quality defined by the respective division. Any situations where production is concentrated at particular times of the year can lead to difficulties in delivery times agreed with the customer resulting in potential compensation claims for damages.
In addition, as a consequence of the pandemic period and the strong global economic recovery, the PRIMA INDUSTRIE Group is exposed to the risk of a shortage of raw materials and components that could affect production times and therefore the delivery methods of the products sold. In this regard, please refer to the next section.

Risks related to dependence on suppliers and potential disruption in supply
The PRIMA INDUSTRIE Group purchases raw materials, components and services for the manufacturing and assembly of its own products from a large number of suppliers. Any delays in the delivery of raw materials and semi-finished products by suppliers may in turn lead to delays in the delivery of the products to the customer; this does not guarantee the certainty of recovering from the supplier any request for damages by the customer, with a consequent negative impact on the economic result of the company. Moreover, close cooperation between manufacturers and suppliers is common in the Group's sectors and although this offers economic benefits in terms of cost reduction, it may also mean that the Group could be exposed to the difficulties experienced by suppliers, including those of a financial nature, (whether caused by internal or external factors) and this could have a negative effect on the Group.
The current international context is presenting strong tensions on the supply chain of raw materials and electrical and electronic components.
The reasons for these tensions, valid for all market operators, are to be found in the difficulties generated by the long pandemic period and by the subsequent strong economic recovery which generated a demand for raw materials and components exceeding production capacity.
Furthermore, as is well known, this situation has been further aggravated by the logistical difficulties that have arisen in recent months.
All of this therefore led to potential risks of production and delivery delays and a particularly significant inflationary pressure which generally affected all raw materials as well as most of the services and utilities.
As a consequence of the above, the PRIMA INDUSTRIE Group is therefore exposed to potential risks of delay in production and delivery of goods and loss of profitability with consequent implications on economic and equity balances.

Risks related to possible injury caused by the Group's products
The PRIMA INDUSTRIE Group's products are used by customers for cutting, welding and bending metal components and, although highly automated, they need the assistance of the customer's personnel, who are subject to certain risks related to the production processes. Consequently, any injury to the customer's personnel, not entirely covered by insurance, may have a negative effect on the Group's economic and financial position.

Risks related to the Group's production plants
The Group's production facilities are currently located in four countries and are subject to operational risks, including production risks such as equipment failure, failure to comply with current regulations, revocation of permits and licences, labour shortages or work interruptions, natural disasters, sabotage, attacks or disruptions to raw material supplies. Any interruption of work in production facilities, caused by these or other events, can have a negative impact on the Group's economic and financial position.

Risks associated with IT system failures, network outages and breaches in data security
The PRIMA INDUSTRIE Group is subject to IT system failures, power failures and violations of data security, which can adversely affect the Group. The Group depends on technology to maintain and improve the efficiency and effectiveness of its operations and to interface with their customers, and to maintain the accuracy and efficiency of reporting and internal audits. IT system errors can cause erroneous transactions, process inefficiencies, can impede the production or shipment of products and the loss of or damage to intellectual property through security breach. The Group's IT systems can also be penetrated by external parties intent on extracting information. The Group has taken all necessary measures to contain these risks by continuously monitoring the management of the infrastructure and applications.
However, it is clear that in some contexts, these measures may not be entirely effective despite the use of the best technologies available on the market in terms of information security.

Risks relating to health, safety and the environment
The PRIMA INDUSTRIE Group is subject to regulations regarding health, safety and the environment in the countries in which it operates. Failure to comply with these rules as a result of operating processes not suitably monitored or, particularly in new markets, an inadequate assessment of these requirements can expose the Group to risks with significant impacts on the Group's economic, equity and financial situation and its reputation. In order to reduce this risk, it should be noted that the Group will adopt systems to manage health, safety and the environment aimed at ensuring compliance with local regulations.

Risks related to legal issues, tax or labour law litigation
In the exercise of its business activities, the PRIMA INDUSTRIE Group may encounter legal, tax or labour law litigation. The Group adopts the necessary measures to prevent and mitigate any penalties that may result from these proceedings.
PRIMA INDUSTRIE Group is subject to changes in tax laws in the countries in which it operates. Although the Group allocates provisions, where necessary, for tax disputes, for unforeseen tax payables, it can experience a negative effect on the financial condition and results due to insufficient provisions or due to unforeseeable circumstances.

PROCESS RISKS – FINANCIAL

Liquidity risk and management of working capital
Liquidity risk is the risk that financial resources may not be sufficient to fund the financial and commercial obligations within the pre-established periods and due dates. The liquidity risk to which the group is subject may derive from late collections and, more generally, from the difficulty of obtaining loans to support operational activities within the necessary time. Cash flows, financing needs and the liquidity of the Group's companies are monitored or managed centrally under the control of the Group Treasury, with the aims of guaranteeing effective and efficient management of financial resources.
The Group's finished products are usually an investment for client companies; therefore their collection can also be done in quotas, with the last occurring after the machine or system has been commissioned on their premises. The period of time necessary for the production cycle and the commissioning is therefore usually much longer than that for payment of suppliers. In addition, customers often make the investment with medium to long-term financial support, which sometimes takes a long time to obtain. It is usual that the Group finds itself having to

meet these needs and therefore that its working capital cycle may lengthen in time and negatively affect the liquidity of the Group. These situations create the need for the Group to have adequate lines of credit and bear the cost for their use. A difficult trend in the financial market or intrinsic difficulties by customers in raising financial funds in the short term could have a negative impact on the Group's economic and financial performance.

Risks related to fluctuation in interest rates and exchange rates

The PRIMA INDUSTRIE Group uses various forms of financing to cover the financial requirements of its business. Changes in interest rate levels can therefore lead to increases or decreases in the financing cost. In order to manage risks related to fluctuations in interest rates on financing transactions, the Group may use, if necessary, financial hedge instruments. Despite this, sudden fluctuations in interest rates could have a negative impact on the economic and financial results due to higher interest expense on the Net Financial Position part not promptly hedged by derivatives. It should be specified that the Group's current Net Financial Position includes a seven-year non-convertible bond whose interest rate is fixed, so it is not exposed to interest rate changes. Moreover, since the PRIMA INDUSTRIE Group operates on a global scale and with subsidiaries in many countries around the world, the impact of the fluctuation of the different currencies in which the financial statements of the Group companies are denominated can have significant economic and equity consequences; to deal with this financial risk, the Group adopts a hedging policy through the use of derivative financial instruments.

Credit risk

The Group only deals with known and trustworthy clients; furthermore, the amount of credit is monitored during the financial year so that the sum exposed to losses is not significant.
It should be noted that there are no significant concentrations of credit risk within the Group. Financial assets are shown in the balance sheet net of the write-downs calculated on the basis of risk of non-fulfilment by the counterparty, determined in consideration of the information available on the solvency of the client and eventually considering historical data.

Risks associated with financial requirements

Ordinary management of the company involves the availability of considerable financial resources to devote to working capital. Competition dynamics also involves the need for substantial financial resources to support investments in research and development of new products, as well as commercial and production investments for direct establishment in new geographical markets of interest.
In addition, as happened several times, the Group may need to consider a loan to evaluate growth opportunities through acquisitions. In line with its development strategy, the Group has credit lines and bank loans granted by major credit institutes, at a level deemed appropriate to avoid financial stress. However, even considering the recent debt renegotiation, it is not possible to rule out that market uncertainty could lead to financial stress and/or the inability to obtain sufficient resources to finance growth and investment plans.

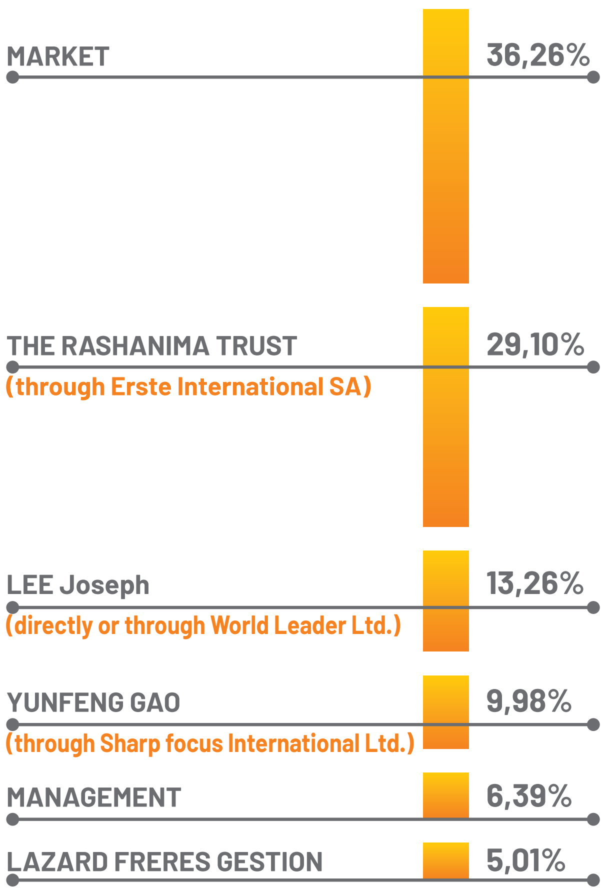
STOCK TREND AND TREASURY STOCK

During 2021, PRIMA INDUSTRIE shares went from a unit value of Euro 13.80 at January 4, 2021 to Euro 18.42 per share at December 30, 2021.
The share price appreciated considerably during 2021 as the international situation regarding the COVID-19 pandemic in main countries improved from February onwards.
On January 25, 2021, the share price reached its lowest value of the year, equal to Euro 13.72 per share, compared to a maximum value of Euro 24.25 reached on June 2, 2021.

SHAREHOLDERS

At December 31, 2021 the share capital of PRIMA INDUSTRIE SpA amounted to Euro 26,208,185 divided into 10,483,274 ordinary shares at the nominal value of Euro 2.50 each. No classes of shares or bonds have been issued other than ordinary shares.
As at December 31, 2021, the Company held 150,000 treasury shares (equal to 1.43% of the share capital). At the date of this Report, the Company held 150,000 treasury shares (equal to 1.43% of the share capital).

The most up-to-date share structure is as follows:



Pursuant to the combined provisions of article 1, paragraph 1, sub-paragraph w-quater 1) of Legislative Decree no. 58/1998 and article 117, paragraph 1 of the Issuers CONSOB Regulation 11971/1999, significant investments are the investment of those who participate in the Issuer's share capital with a share of over 5%, as the Issuer is defined as SME.

CORPORATE GOVERNANCE

The overall corporate governance framework of PRIMA INDUSTRIE, the system of rules and procedures that company boards refer to in deciding their line of conduct and in attending to their several responsibilities towards their stakeholders, has been defined bearing in mind the applicable standards and guidelines of the Code of Conduct approved in 2015 by the Corporate Governance Committee promoted by Borsa Italiana SpA, ABI, Ania, Assogestioni, Assonime, Confindustria.
Pursuant to Article 123-bis of Legislative Decree no. 58/1998 (the "Consolidated Finance Act") and to Articles 89-bis and 144-decies of CONSOB's Regulation, the Company annually drafts the "Report on Corporate Governance and Ownership Structure" (based on the "comply or explain" principle), with which it provides appropriate information on its Corporate Governance system. More specifically, the Report contains a general description of the system of corporate governance adopted by the Group and reports the information on the company's structure and its adherence to the Code of Conduct, including the main practices of Governance applied and the characteristics of its Internal Audit and Risk Management, also in relation to the financial information process.
First of all, the Report supplies a whole set of information on the company's boards, their membership, term of office, business conduct, their powers and other information on elements that further distinguish the structure of corporate governance. It also contains information, including the personal details of company executives, along with their educational and professional profile.

The same Report, moreover, provides news on remuneration (fees) of Directors and Executives who have strategic responsibilities (also by recalling the Report on remuneration, renamed the Report on remuneration policy and compensation paid in accordance with article 123-ter of the TUF), on the policy to apply when processing confidential information and when conducting major transactions (financial or capital) with associates, or that are atypical or unusual.
In particular, in observance of Leg. Decree no. 173/2008 which implements Directive 2006/46 as part of the legislation, the Report includes information on:

a) the corporate governance practices actually applied by the company, independently of the obligations imposed by legislation or regulations;
b) the main features of the Risk management and Internal audit system, involving the financial information process (consolidated as well);
c) regulations by which Shareholders' Assemblies are held, the Assembly's principal powers, shareholders' rights and the terms for their exercise;
d) the line-up of members and business method of Company Boards and their committees.

Furthermore, the Report incorporates the amendments introduced by Legislative Decree no. 254 of December 30, 2016 to Article 123-bis of the Consolidated Law on Finance, requiring issuers to include in their corporate governance reports "a description of the diversity policies applied regarding the structure of the administrative, management and auditing bodies in relation to aspects such as age, gender and training/professional courses taken, with a description of the objectives, implementation methods and results of said policies".

The Report is a separate document from the Financial Statements and can be viewed by Shareholders on the company's website (www.primaindustrie.com) each year, along with the documentation submitted to the Assembly for the approval of the financial statements.

PRIMA INDUSTRIE SpA wholly owns certain companies that have offices in non-EU countries and are crucial to its business, pursuant to article 36 of CONSOB Regulation no. 16191/2007, as per its amendments ratified with CONSOB Resolution no. 18214/2012, concerning "Market regulation". With reference to the data available as at December 31, 2021, please note that procedures have been adopted to ensure that the previously mentioned legislation is complied with and that none of the conditions stated in said Article 36 are in place.

CONSOLIDATED NON-FINANCIAL STATEMENT

As a public interest entity, starting from the financial year 2017, PRIMA INDUSTRIE SpA draws up and presents consolidated non-financial statements, in the form of a separate report, as required by art. 5 of Legislative Decree 254/2016 "Context of the statement and disclosure regime" concerning the disclosure of non-financial information and information on diversity by certain companies and large groups. Annexed to the non-financial statement is the report of the independent auditor appointed in accordance with article 3, paragraph 10 of the aforesaid Legislative Decree 254/2016.
The consolidated non-financial statement can be found in the "*Investors*" section of the website *www.primaindustrie.com*.

APPLICATION OF LEGISLATIVE DECREE 231/2001

The Issuing Party has adopted an Organisation, management and control model, as required by Leg. Decree no. 231/2001.

The Organisation, Management and Control Model responds to the following requirements:

- it describes the contents and aims of Decree no. 231/01;
- it lists and describes Presumed Breaches, identifies the "Sensitive Areas" in which they may occur and arranges "Protocols" to prevent their commission;
- it applies the Company Code of Ethics, sensitising all recipients to its diligent compliance;
- it defines the criteria for appointing members to the Supervisory Board ("SB"), their tasks and responsibilities, and the method to use when reporting presumed breaches to the Model;
- it stresses the need for training and briefing sessions to increase awareness of the Model and of its related documents in all of its recipients;
- it adopts a System of Administrative Fines for negligent conduct (Model breach).

The Model is reviewed from time to time to take account of the changing legislative framework, of changes to the company's organisational structure and/or of any imperfections of the Model in its day-by-day application.

The task of monitoring the sound application and observance of the Organisation Model, including revising its contents, is entrusted to the Supervisory Board, which answers to the Board of Directors.

On May 18, 2020 the company's Board of Directors appointed the new Supervisory Board, which is made up of three external members. It will remain in office until the approval of the 2022 Financial Statements.

INVESTMENTS MADE ON SAFETY IN THE WORKPLACE

The overall safety costs incurred by PRIMA INDUSTRIE SpA in 2021 amounted to Euro 102 thousand. The cost items refer to documentation, consultant services and training for safety, devices for vision protection from laser rays, personal protective equipment, signage, the creation of safe conditions in work areas and improvements in workstation ergonomics.

OUTLOOK OF OPERATIONS

The year 2021 recorded strong signs of economic recovery, companies accelerated their investment programmes and the sector in which the PRIMA INDUSTRIE Group operates has greatly benefited. In particular, the Group closed the year with record orders in the year (equal to Euro 503.3 million), a significant recovery in revenues (+22.4%) and a marked improvement in net indebtedness (down by approximately Euro 35.0 million, without considering the impact of leasing). The year 2022 started with significant prospects for growth, supported by the machine order book at the end of February of Euro 249.2 million and after-sales revenues from the large installed machinery pool. However, the context is currently marked by uncertainty linked to external factors, such as international geopolitical tensions, and in particular the Russia-Ukraine crisis, the shortage and the growing cost of energy and components, on whose evolution the impact on the scenario will depend. international economy and on the reference markets of the Group.

SIGNIFICANT EVENTS OCCURRING AFTER FINANCIAL YEAR CLOSING

Hacker Attack

In February 2022, the PRIMA INDUSTRIE Group was the subject of a hacker attack which mainly affected the Finnish office. Following the necessary checks carried out, the stolen data were not of particular relevance for the normal operations of the Group.

Spin-off of the PRIMA ADDITIVE Business Unit

On March 14, 2022 the Board of Directors of PRIMA INDUSTRIE resolved to subscribe, through the contribution of the PRIMA ADDITIVE Business Unit, the capital increase to be approved by the associated company 3D-NT SRL. In light of this, PRIMA INDUSTRIE SpA will take control of this company and the related accounting effects will not be significant for the Group. The goal of this project is to concentrate all the resources dedicated to Additive Manufacturing technology in a single company and to manage it more efficiently, creating greater value.

Russia-Ukraine Crisis

As is well known, in February 2022 the tensions between Russia and Ukraine broke out into a war, resulting in a situation that effectively interrupted the normal development of business activities. The Prima Industrie Group is present in Russia with a machinery and after-sales branch located in Moscow, whose turnover marginally affects consolidated turnover (3.8% of consolidated revenues is achieved in this area). Considering the continuous changes in the situation between the two countries, the Group is carefully monitoring the developments of the situation and the related implications on the business. There are currently no indications of significant economic and financial consequences for the Group.

ATYPICAL AND UNUSUAL TRANSACTIONS

Pursuant to CONSOB Bulletin of July 28, 2006 No. DEM/6064296, we wish to specify that in the examined period, the Group has not engaged in any transactions defined as atypical or unusual in the Bulletin.

MANAGEMENT AND COORDINATION ACTIVITIES

Prima Industrie SpA is not subject to management and coordination by other companies or entities and decides which general or operative course of action to take in full independence.

OPT-OUT REGIME

The Board of Directors of PRIMA INDUSTRIE SpA resolved on November 12, 2012, in accordance with CONSOB Resolution No. 18079 of January 20, 2012, to subscribe to the opt-out regimen referred to in Article 70, paragraph 8 and Article 71, paragraph 1-bis of the Regulation, therefore choosing to avail itself of the right to waiver the obligation of publishing documents describing its mergers, demergers, share capital increases by contributions in kind, purchases and transfers.

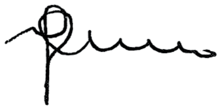
PROPOSALS BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

The Board of Directors proposes that you:

- approve the draft financial statements at December 31, 2021 which closed with a loss for the year of Euro 3,622,760;
- fully cover the loss of Euro 3,622,760 through the use of the extraordinary reserve;
- distribute undistributed prior earnings previously allocated to the Extraordinary Reserve corresponding to a total unit dividend equal to Euro 0.40 for each of the shares that will be outstanding at the ex-dividend date, excluding the shares in the portfolio at that date. The dividend payment will be made on May 25, 2022, with coupon detachment date of May 23, 2022 and record date of May 24, 2022.

On behalf of the Board of Directors
The Chairman



Gianfranco Carbonato

Chapter 6

CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AS AT DECEMBER 31, 2021

CHAPTER6

CHAPTER 6. CONSOLIDATED FINANCIAL STATEMENTS OF PRIMA INDUSTRIE GROUP AS AT DECEMBER 31, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

VALUES IN THOUSAND EURO	Notes	December 31, 2021	December 31, 2020
Property, plant and equipment	1	71,854	64,281
Intangible assets	2	116,624	120,837
Investments accounted for using the equity method	3	394	394
Other investments	4	6,927	6,226
Non current financial assets	5	4,233	4,233
Deferred tax assets	6	18,823	17,656
NON CURRENT ASSETS		**218,855**	**213,627**
Inventories	7	134,859	118,689
Trade receivables	8	91,164	77,624
Other receivables	9	6,972	8,732
Current tax receivables	10	9,286	5,013
Derivatives	11	-	365
Financial assets	11	372	58
Cash and cash equivalents	11	67,267	62,999
CURRENT ASSETS		**309,920**	**273,480**
Assets held for sale	12	**4,775**	**5,255**
TOTAL ASSETS		**533,550**	**492,362**
Capital stock	13	26,208	26,208
Legal reserve	13	5,242	5,213
Other reserves	13	68,161	66,461
Currency translation reserve	13	4,274	(1,225)
Retained earnings	13	60,623	70,164
Net result	13	7,798	(7,201)
Stockholders' equity of the Group		***172,306***	***159,620***
Minority interest		***3,412***	***2,844***
STOCKHOLDERS' EQUITY		**175,718**	**162,464**
Interest-bearing loans and borrowings	11	94,259	105,318
Employee benefit liabilities	14	6,728	7,104
Deferred tax liabilities	15	4,678	4,759
Provisions	16	244	238
Derivatives	11	140	419
NON CURRENT LIABILITIES		**106,049**	**117,838**
Trade payables	17	98,239	69,390
Advance payments	17	52,450	40,019
Other payables	17	24,226	19,244
Interest-bearing loans and borrowings	11	45,849	58,192
Current tax payables	18	8,712	5,704
Provisions	16	22,262	19,511
Derivatives	11	45	-
CURRENT LIABILITIES		**251,783**	**212,060**
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**533,550**	**492,362**

CONSOLIDATED INCOME STATEMENT

VALUES IN THOUSAND EURO	Notes	December 31, 2021	December 31, 2020(*)
Net revenues	*19*	407,572	332,963
Cost of goods sold	*20*	(319,046)	(264,274)
GROSS MARGIN		**88,526**	**68,689**
Research and Development costs	*21*	(22,603)	(28,351)
Sales and marketing expenses	*22*	(26,732)	(23,288)
General and administrative expenses	*23*	(25,032)	(22,308)
OPERATING PROFIT (EBIT)		**14,159**	**(5,258)**
Financial income	*24*	8,752	4,601
Financial expenses	*24*	(13,964)	(8,723)
Net exchange differences	*24*	1,277	(1,185)
Net result of other investments	-	-	5
RESULT BEFORE TAXES (EBT)		**10,224**	**(10,560)**
Taxes	*25*	(2,199)	3,146
NET RESULT		**8,025**	**(7,414)**
- Attributable to Group shareholders		*7,798*	*(7,201)*
- Attributable to Group shareholders		*227*	*(213)*
RESULT PER SHARE - BASIC (in euro)	***26***	***0.75***	***(0.69)***
RESULT PER SHARE - DILUTED (in euro)	***26***	***0.74***	***(0.69)***

(*) For a better comprehension, the 2020 figures have been re-exposed.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

VALUES IN THOUSAND EURO	Notes	December 31, 2021	December 31, 2020
NET RESULT (A)		**8,025**	**(7,414)**
Gains/ (Losses) on actuarial defined benefit plans	*13*	54	(99)
Tax effect	*13*	(19)	24
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)		**35**	**(75)**
Gains /(Losses) on cash flow hedges	*13*	256	177
Tax effect	*13*	(49)	(43)
Gains/(Losses) on exchange differences on translating foreign operations	*13*	5,840	(5,281)
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)		**6,047**	**(5,147)**
TOTAL COMPREHENSIVE INCOME (A) + (B) + (C)		**14,107**	**(12,636)**
- Attributable to Group shareholders		*13,539*	*(12,348)*
- Attributable to minority shareholders		*568*	*(288)*

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

from January 1, 2020 to December 31, 2020

Values in euro thousand	Capital stock	Additional paid-in capital	Treasury stock	Legal reserve	Capital increase - expenses	Stock grant reserve
Balance as at Jan 01, 2020	**26,208**	**57,507**	**(1,966)**	**5,213**	**(1,286)**	**13**
Allocation of prior year net result	-	-	-	-	-	-
Stock grant plan	-	-	-	-	-	(13)
Result of comprehensive Income	-	-	-	-	-	-
Balance as at Dec 31, 2020	**26,208**	**57,507**	**(1,966)**	**5,213**	**(1,286)**	**-**

from January 1, 2021 to December 31, 2021

Values in euro thousand	Capital stock	Additional paid-in capital	Treasury stock	Legal reserve	Capital increase - expenses	Stock grant reserve
Balance as at Jan 01, 2021	**26,208**	**57,507**	**(1,966)**	**5,213**	**(1,286)**	**-**
Allocation of prior year net result	-	-	-	29	-	-
Treasury stock	-	-	(1,076)	-	-	-
Stock grant plan	-	-	-	-	-	223
Result of comprehensive Income	-	-	-	-	-	-
Balance as at Dec 31, 2021	**26,208**	**57,507**	**(3,042)**	**5,242**	**(1,286)**	**223**

ange in the of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
(439)	**14,728**	**4,003**	**58,954**	**9,046**	**171,981**	**3,132**	**175,113**
-	(2,164)	-	11,210	(9,046)	-	-	-
-	-	-	-	-	(13)	-	(13)
134	(53)	(5,228)	-	(7,201)	(12,348)	(288)	(12,636)
(305)	**12,511**	**(1,225)**	**70,164**	**(7,201)**	**159,620**	**2,844**	**162,464**

ange in the of hedging derivatives	Other reserves	Currency translation reserve	Retained earnings	Net result	Stockholders' equity of the Group	Minority interest	STOCKHOLDERS' EQUITY
(305)	**12,511**	**(1,225)**	**70,164**	**(7,201)**	**159,620**	**2,844**	**162,464**
-	2,311	-	(9,541)	7,201	-	-	-
-	-	-	-	-	(1,076)	-	(1,076)
-	-	-	-	-	223		223
207	35	5,499	-	7,798	13,539	568	14,107
(98)	**14,857**	**4,274**	**60,623**	**7,798**	**172,306**	**3,412**	**175,718**

CONSOLIDATED CASH FLOW STATEMENT

VALUES IN EURO THOUSAND	December 31, 2021	December 31, 2020(*)
Net result	**8,025**	**(7,414)**
Adjustments (sub-total)	***37,696***	***36,435***
Depreciation, impairment & write-off	19,285	32,442
Stock Grants reserve	223	(13)
Net change in deferred tax assets and liabilities	(1,248)	(3,592)
Change in employee benefits	(341)	12
Change in inventories	(16,170)	9,129
Change in trade receivables	(13,540)	7,782
Change in trade payables and advances	41,280	(6,596)
Net change in other receivables/payables and other assets/liabilities	8,207	(2,803)
Gain on disposal of shares in other investments	-	(54)
Write-off/Write-up Other Investments	-	49
Change in Other investments	-	79
Cash Flows from (used in) operating activities	**45,721**	**29,021**
Cash flow from investments		
Acquisition of tangible fixed assets (**)	(4,586)	(4,329)
Acquisition of intangible fixed assets	(964)	(278)
Capitalization of development costs	(2,390)	(5,729)
Net disposal of fixed assets (***)	289	149
Cash Flows from (used in) investing activities	**(7,651)**	**(10,187)**
Cash flow from financing activities		
Change in other financial assets/liabilities and other minor items	24	74
Increases in loans and borrowings (including bank overdrafts and Credit lines)	2,958	20,729
Repayment of loans and borrowings (including bank overdrafts and Credit lines)	(33,461)	(20,581)
Repayments in financial lease liabilities	(6,604)	(6,687)
Treasury stock reserve	(1,076)	-
Cash Flows from (used in) financing activities	**(38,159)**	**(6,465)**
Cash Flows from (used in) change of minority shareholders	**-**	**-**
Foreign exchange translation differences	4,357	(4,506)
Net change in cash and equivalents	**4,268**	**7,863**
Cash and equivalents beginning of period	**62,999**	**55,136**
Cash and equivalents end of period	**67,267**	**62,999**

Additional Information to the Consolidated Statement of Cash-Flow

VALUES IN EURO THOUSAND	December 31, 2021	December 31, 2020(*)
Taxes paid	2,348	849
Interests paid	2,512	2,919

(*) For a better comprehension, the 2020 figures have been re-exposed.

(**) Not included leases

(***) Included assets held for sale

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION 15519 OF JULY 27, 2006

VALUES IN THOUSAND EURO	Notes	December 31, 2021	of which related parties	December 31, 2020	of which related parties
Property, plant and equipment	1	71,854	-	64,281	-
Intangible assets	2	116,624	-	120,837	-
Investments accounted for using the equity method	3	394	394	394	394
Other investments	4	6,927	-	6,226	-
Non current financial assets	5	4,233	-	4,233	-
Deferred tax assets	6	18,823	-	17,656	-
NON CURRENT ASSETS		**218,855**		**213,627**	
Inventories	7	134,859	-	118,689	-
Trade receivables	8	91,164	3,821	77,624	2,129
Other receivables	9	6,972	44	8,732	-
Current tax receivables	10	9,286	-	5,013	-
Derivatives	11	-	-	365	-
Financial assets	11	372	-	58	-
Cash and cash equivalents	11	67,267	-	62,999	-
CURRENT ASSETS		**309,920**		**273,480**	
Assets held for sale	**12**	**4,775**	**-**	**5,255**	**-**
TOTAL ASSETS		**533,550**		**492,362**	
Capital stock	13	26,208	-	26,208	-
Legal reserve	13	5,242	-	5,213	-
Other reserves	13	68,161	-	66,461	-
Currency translation reserve	13	4,274	-	(1,225)	-
Retained earnings	13	60,623	-	70,164	-
Net result	13	7,798	-	(7,201)	-
Stockholders' equity of the Group		***172,306***	**-**	***159,620***	**-**
Minority interest		***3,412***	**-**	***2,844***	**-**
STOCKHOLDERS' EQUITY		**175,718**		**162,464**	
Interest-bearing loans and borrowings	11	94,259	-	105,318	-
Employee benefit liabilities	14	6,728	-	7,104	-
Deferred tax liabilities	15	4,678	-	4,759	-
Provisions	16	244	-	238	-
Derivatives	11	140	-	419	-
NON CURRENT LIABILITIES		**106,049**		**117,838**	
Trade payables	17	98,239	401	69,390	1,914
Advance payments	17	52,450	61	40,019	-
Other payables	17	24,226	785	19,244	486
Interest-bearing loans and borrowings	11	45,849	-	58,192	-
Current tax payables	18	8,712	-	5,704	-
Provisions	16	22,262	-	19,511	-
Derivatives	11	45	-	-	-
CURRENT LIABILITIES		**251,783**		**212,060**	
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**533,550**		**492,362**	

CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION 15519 OF JULY 27, 2006

VALUES IN EURO THOUSAND	Notes	December 31, 2021	of which related parties	December 31, 2020 (*)	of which related parties
Net revenues	19	407,572	7,716	332,963	4,124
Cost of goods sold	20	(319,046)	(987)	(264,274)	(1,793)
GROSS MARGIN		**88,526**	**-**	**68,689**	**-**
Research and Development costs	21	(22,603)	21	(28,351)	(359)
Sales and marketing expenses	22	(26,732)	-	(23,288)	(16)
General and administrative expenses	23	(25,032)	(1,725)	(22,308)	(1,294)
OPERATING PROFIT (EBIT)		**14,159**	**-**	**(5,258)**	**-**
of which: non recurring items		***(2,566)***		***(11,739)***	
Financial income	24	8,752	-	4,601	-
Financial expenses	24	(13,964)	-	(8,723)	-
Net exchange differences	24	1,277	-	(1,185)	-
Net result of other investments	-	-	-	5	-
RESULT BEFORE TAXES (EBT)		**10,224**		**(10,560)**	
of which: non recurring items		***(2,566)***	**-**	***(11,734)***	
Taxes	25	(2,199)	-	3,146	-
NET RESULT		**8,025**		**(7,414)**	
- Attributable to Group shareholders		7,798	-	(7,201)	-
- Attributable to minority shareholders		227	-	(213)	-
RESULT PER SHARE - BASIC (in euro)	*26*	***0.75***		***(0.69)***	
RESULT PER SHARE - DILUTED (in euro)	*26*	***0.74***		***(0.69)***	

(*) For a better comprehension, the 2020 figures have been re-exposed.

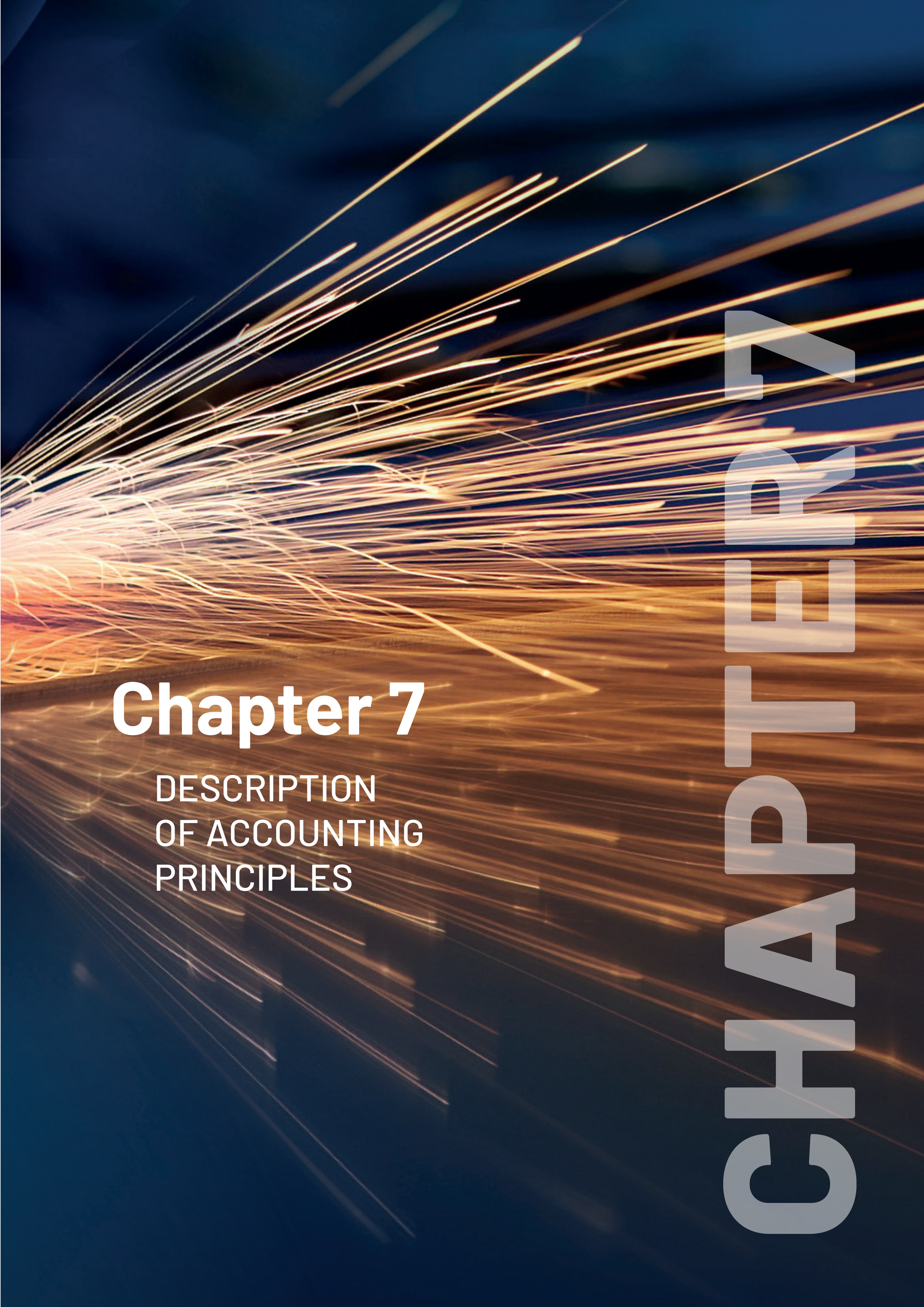
CONSOLIDATED CASH FLOW STATEMENT PURSUANT TO CONSOB RESOLUTION 15519 OF JULY 27, 2006

VALUES IN EURO THOUSAND	December 31, 2021	of which related parties	December 31, 2020 (*)	of which related parties
Net result	**8,025**		**(7,414)**	
Adjustments (sub-total)	**37,696**	**-**	**36,435**	**-**
Depreciation, impairment & write-off	19,285		32,442	
Stock Grants reserve	223	-	(13)	-
Net change in deferred tax assets and liabilities	(1,248)	-	(3,592)	-
Change in employee benefits	(341)	-	12	-
Change in inventories	(16,170)	-	9,129	-
Change in trade receivables	(13,540)	-	7,782	-
Change in trade payables and advances	41,280	*(1,692)*	(6,596)	*(89)*
Net change in other receivables/payables and other assets/liabilities	8,207	*(1,452)*	(2,803)	*1,820*
Gain on disposal of shares in other investments	-	*255*	(54)	*26*
Write-off/Write-up Other Investments	-	-	49	-
Change in Other investments	-	-	79	-
Cash Flows from (used in) operating activities	**45,721**	**-**	**29,021**	**-**
Cash flow from investments				
Acquisition of tangible fixed assets (**)	(4,586)		(4,329)	
Acquisition of intangible fixed assets	(964)	-	(278)	-
Capitalization of development costs	(2,390)	-	(5,729)	-
Net disposal of fixed assets (***)	289	-	149	-
Cash Flows from (used in) investing activities	**(7,651)**	**-**	**(10,187)**	**-**
Cash flow from financing activities				
Change in other financial assets/liabilities and other minor items	24		74	
Increases in loans and borrowings (including bank overdrafts and Credit lines)	2,958	-	20,729	-
Repayment of loans and borrowings (including bank overdrafts and Credit lines)	(33,461)	-	(20,581)	-
Repayments in financial lease liabilities	(6,604)	-	(6,687)	-
Treasury stock reserve	(1,076)	-	-	-
Cash Flows from (used in) financing activities	**(38,159)**	**-**	**(6,465)**	**-**
Cash Flows from (used in) change of minority shareholders	**-**		**-**	
Foreign exchange translation differences	4,357		(4,506)	
Net change in cash and equivalents	**4,268**		**7,863**	
Cash and equivalents beginning of period	**62,999**	**-**	**55,136**	**-**
Cash and equivalents end of period	**67,267**		**62,999**	

Additional Information to the Consolidated Statement of Cash-Flow

VALUES IN EURO THOUSAND	December 31, 2021	December 31, 2020 (*)
Taxes paid	2,348	849
Interests paid	2,512	2,919

(*) For a better comprehension, the 2020 figures have been re-exposed
(**) Not included leases (***) Included assets held for sale



Chapter 7

DESCRIPTION OF ACCOUNTING PRINCIPLES

CHAPTER 7

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CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of PRIMA INDUSTRIE SpA (the parent company) and its subsidiaries drawn up on the same closing date of the year of the parent company. The financial statements of the subsidiaries are drawn up adopting the same accounting principles as the parent company; any corrections for consolidation are made to harmonise the items that are affected by the application of different accounting standards. All infra-group balances and transactions, including any profits not realised deriving from relations engaged in between companies in the Group, are entirely eliminated. The profits and losses not realised with associates are eliminated for the part pertaining to the Group.
The subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group acquires control, and cease to be consolidated at the date on which control is transferred outside the Group. Minority interests represent the part of profits or losses and net assets not held by the Group, and are reported in a separate item in the Income Statement, and in the Income Statement, and in the balance sheet among the elements of net equity, separately from the Group's net equity.

(a) Subsidiaries
Control exists when the parent company has the power to direct the relevant activities of the company and is exposed to variability of results. Generally, control is presumed to exist if the Group holds more than half of the voting rights, also via Para-corporate agreements or potential voting rights. Subsidiaries are consolidated at the time in which the Group is capable of exercising control and are de-consolidated when this control ceases.
The Group records acquisitions of controlling shareholdings by means of the acquisition method, according to which identifiable and acquired assets and liabilities are initially booked within the consolidated financial statements at the fair value, determined on the date of acquisition.
The excess cost with respect to the investment quota of the fair value of net assets acquired is capitalised as goodwill among intangible assets, if positive; if negative, it is immediately entered to the Income Statement.
The costs, income, receivables, payables and profits/losses realised among companies belonging to the Group are eliminated. Where necessary, the accounting principles of the Subsidiaries are amended to bring them into line with those of the parent company.

(b) Associated companies and joint ventures
Associated companies are those in which the Group exercises considerable influence but no form of control. Significant influence is presumed in the case that more than 20% of voting rights are held. Associated companies are initially recorded at cost and then accounted for using the equity method. Joint Ventures are companies subject to joint control. They are booked in accordance with the provisions of IFRS 11.
Group equity investment in associated companies and joint ventures includes goodwill, as recorded at the time of acquisition and net of any potentially accumulated value losses.
The Group's Income Statement reflects the applicable share of the affiliated company and joint venture's result. If the affiliated company or the joint venture records an adjustment with a direct effect on net equity, the Group determines the portion that applies to it, reflecting such change in the Net Equity statement of change.
The recognition of a share of the loss of the associate or joint venture in the accounts of the Group has as a limit the resetting to zero of the value of the investment; the further portions of losses are recognised among liabilities, only if the Group has obligations or has made payments on behalf of the associate or joint venture.

(c) Other companies
Investments in which the Group does not exercise control, significant influence or joint control are initially recorded at fair value.
In accordance with IFRS 9, these investments are subsequently measured at fair value with effects on the income statement. This is unless they are irrevocably selected as equity investments valued at fair value with effects recorded in the statement of comprehensive income, in accordance with the option provided for in the same standard.
The choice of valuation method for these investments is made selectively for each investment.

The valuation at cost of a minority shareholding is permitted in certain cases where the cost is an adequate estimate of the fair value.

ACCOUNTING STANDARDS APPLIED

STANDARDS TO APPLY WHEN DRAFTING THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for 2021 were drafted in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as the measures issued to implement Article 9 of Legislative Decree no. 38/2005.
IFRS refer to all the main International Accounting Standards ("IAS") reviewed and to all the interpretations given by the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as Standing Interpretations Committee ("SIC").
The financial statements are drafted based on the principle of historical cost, except for those financial assets which have been listed at their fair value. The Group has applied accounting principles that are coherent with those applied in previous years; the application of new accounting standards effective from January 1, 2021 did not have a significant impact.

Going concern

The consolidated financial statements were prepared on the basis of the going-concern principle, as it is reasonable to expect that PRIMA INDUSTRIE will continue its business in the foreseeable future. In particular, the size of the order book, the balanced ratio between risk capital and debt capital, the maturity of medium/long-term bank debt, the availability of sufficient credit lines, are the main factors taken into consideration to consider, at present, that there are no doubts about the prospect of business continuity for the Group.

Financial Statements

The Group presents the income statement according to functional areas, otherwise referred to as "at cost of goods sold". This cost analysis is based on cost destination and is considered more representative than expenditure type. The form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Group operates.

"Cost of goods sold" includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. It includes all costs for materials, processing and overheads directly attributable to production.

The Group has opted to use the formats described hereinafter in drafting its Financial Statements:

a) for the Consolidated Statement of Financial position, the format used distinguishes the assets and liabilities between "current" (i.e. receivable or payable in 12 months) and "non-current" (i.e. receivable or payable after 12 months);
b) as regards the Consolidated Income Statement, the scheme was adopted which provides for the breakdown of costs by function; the Consolidated Statement of Comprehensive Income includes, in addition to the profit for the period, as per the Consolidated Income Statement, the other movements in Variations to Net Equity other than those with shareholders;
c) for the Variations to the Net Equity, the format used reconciles the opening and closing of every entry in both the current year and the previous one;
d) for the Cash-flow statement, the so-called "indirect" method was chosen, whereby the net cash flows of company business is determined by adjusting the profit and loss, because of the effects of:
    - non-monetary elements such as amortisation, depreciation and write-downs;
    - variations of inventory, receivables and payables generated by company business;
    - other elements whose financial flows are generated by investments and financing.

Please note, furthermore, that with reference to CONSOB Resolution no. 15519 of July 27, 2006 concerning the format of financial statements, specific supplementary schemes have been added for the Income Statement and for the Consolidated Statement of Financial Position and Cash Flow Statement, which particularly stress those relations with associates and non-recurrent transactions that are most significant, in order to make the financial statements more readily comprehensible.

STAKE ACQUISITIONS AND GOODWILL

Stake acquisitions

Stake acquisitions are entered using the acquisition method (in accordance with the guidelines of IFRS3). The amount paid for a purchased stake is calculated as the sum of the amount transferred at its fair value on the date of the acquisition with any minority stake already held in the purchased company. For all stake acquisitions, the buyer must enter any minority stake in the purchased company at its fair value, or proportionately to the share of the minority stake under the identifiable net assets of the purchased company. Costs of acquisition are covered and classified as administrative expenses.

All potential purchase prices must be listed by the buyer at their fair value on the date of acquisition.

In the case of the acquisition of companies, the identifiable assets, liabilities and potential liabilities acquired are recorded at their fair value on the date of acquisition. The positive difference between the acquisition cost and the Group's share in the current value of these assets and liabilities is classified as goodwill and entered in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised in the income statement at the time of acquisition.

After its initial recognition, goodwill is not subject to amortisation and is decreased by any accumulated impairment losses, as determined below. Goodwill relating to investments in subsidiaries and joint ventures is included in the book value of those companies.

Goodwill recoverability is analysed on a yearly basis or more frequently, if events or changes of circumstance lead to presumable loss of value. In order to audit the actual loss of value, goodwill acquired as part of a stake acquisition is allocated on the date of the acquisition to the Group's single cash-flow generating units, or to the groups of cash-flow generating units that are expected to benefit of the purchase's synergies, independently of whether other assets or liabilities of the purchased company have been assigned to those units or unit groupings.

Every unit or unit group to which goodwill is allocated:

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes; and
- is no larger than a reportable segment under IFRS 8.

All loss of value is identified by comparing the book value of the cash-generating unit and its recoverable value, determined according to the methods described in paragraph "Loss of asset value". If the value recoverable by a cash-flow generating unit is less than the book value attributed to it, the relative loss of value is reported in the statement. The loss of value relating to goodwill is never restored if the reasons that generated it no longer exist. If goodwill has been allocated to a cash-flow generating unit and the entity disposes of part of the assets of that unit, the goodwill associated to the divested asset must be included in the book value of the asset when determining the profit or loss deriving from the divestment. Goodwill associated to the divested asset must be determined on the basis of the relative values of the divested assets and to the part withheld by the cash-flow generating unit.

If the initial values of an acquired stake are incomplete on the closing date of the financial statements, the Group reports the temporary values of those incomplete elements in its consolidated financial statements. Said temporary values are adjusted in the period they are measured, to account for new information received on facts and circumstances on the date of the acquisition which, if known, would affect the value of the assets and liabilities recognised to that date.

Transactions by which the parent purchases or sells additional minority stakes without affecting the control over the subsidiary are classified as transactions with shareholders and therefore the related effects must be recognised in equity: there will be no adjustments to the value of goodwill and profits or losses recognised in the income statement.

LOSS OF ASSET VALUE ("IMPAIRMENT")

Assets with an indefinite useful life whose value does not depreciate are annually audited to establish their

recovery ("impairment") and whenever there is reason to believe their book value has suffered loss.
Assets that do depreciate are impairment tested only if there is reason to believe that their book value has decreased.
Value recoverability is calculated for goodwill purchased and allocated throughout the business year, at the end of the year the latter was purchased and allocated.
In order to verify its recoverability, goodwill is allocated on the date of its acquisition to the unit or group of cash-generating units that benefit of the acquisition.
The amount depreciated because of "impairment" is calculated as the difference between the asset's book value and its recoverable value, determined as the price of sale net of transaction costs and its expendable value, either of which is higher, or the current value, in other words, of the estimated financial flows gross of taxes, obtained by applying a discount rate that reflects current market cash value and risks that are specific to the asset. The loss because of a drop in value is at first attributed to the book value of the goodwill allocated to the unit (or unit group) and only later to the other unit assets, proportionately to their book value, up to the amount of the recoverable value of assets with a finite useful life. An impairment loss is recognised if the recoverable amount is less than the book value. When a loss of asset value other than goodwill subsequently falls short or decreases, the book value of that asset or cash-flow generating unit is increased to the new estimated recoverable value and cannot exceed the value that would have been determined if no loss due to the drop had been reported. The reversal of an impairment loss is recognised immediately in the Income Statement.

PROPERTY, PLANT AND EQUIPMENT
All classes of property, plant and equipment, including investment properties, are stated at historical cost, less accumulated depreciation and impairment losses, except for land, recorded at historical cost less impairment, where applicable. Cost includes all expenses directly attributable to the acquisition.

Costs incurred after the acquisition of the asset are accounted for as an increase of their historical value or booked separately only if it is probable that they will generate future economic benefits and the costs can be measured reliably.

Depreciation of property, plant and equipment is calculated with the linear method, to distribute the residual book value over the asset's estimated economic-technical lifespan.

Extraordinary maintenance capitalised as an increase of an existing asset is depreciated over the remaining useful life of the asset or, if lower, during the period until the next maintenance.

The residual value and the useful life of property, plant and equipment are reviewed and adjusted, if appropriate, at the reporting date.

Gains and losses on disposal of property, plant and equipment are recognised in the Income Statement and are determined by comparing the book value with the sale price.

Leases bestow exclusive use of an identified or identifiable asset, providing the substantive right to all the financial benefits deriving from its use for a defined period of time in exchange for a fee, within the scope of IFRS 16.

These leases are recognised in the balance sheet as "right-of-use" assets and as a liability measured at the present value of the lease payments. The "right of use" is depreciated on a straight-line basis over the term of the lease, or the relevant financial-technical useful life, if shorter.
At the commencement date of the lease, defined as the date on which the lessor makes the underlying asset available to the lessee, the cost value of the "right-of-use" asset comprises:
- the amount of the initial valuation of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred by the lessee;
- any costs, estimated and discounted, to be incurred at the time of vacating facilities, offset against a specific provision in the liabilities where there are obligations to dismantle, remove assets and restore sites.

The amount of the initial measurement of the lease liability includes the following components:
- fixed payments;
- variable payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The following lease asset categories qualify for this method of recognition:
- buildings;
- vehicles;
- office equipment.

The Group avails itself of the option provided for in IFRS 16 – Leases to recognise as a cost, on an accrual basis, leases that are i) short term (i.e. less than 12 months), ii) for low-value underlying assets (i.e. less than Euro 5,000 when new).

The lease liability is recognised at the commencement date of the lease and is equal to the present value of the lease payments.

The present value of the lease payments is measured using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

After the effective date, the lease liability is measured by applying the amortised cost criterion; subsequently this may be restated (i.e. the lease cash flows are revised as a result of the original contractual terms) or revised (i.e. changes in the subject matter or in the consideration not provided for in the original contractual terms) with adjustments to the "right of use".

INTANGIBLE ASSETS

Assets with indefinite useful life

(a) Goodwill

Goodwill deriving from stake acquisitions is initially entered at its book value on the date of the acquisition.
Goodwill generated by the acquisition of a stake in subsidiaries is included among intangible assets. Goodwill generated by the acquisition of a stake in associates and joint ventures is included in the stake's book value.
Goodwill is not amortised, but audited to identify any loss of value, on a yearly basis or even more often, if specific events or changed circumstances give reason to believe that it may have lost value. After its first entry, goodwill is evaluated at the cost net of any cumulated loss of value. On the date on which control over a formerly purchased company is transferred, the capital gain or loss from the transfer takes account of the corresponding residual value of the previously entered goodwill.

Intangible assets with indefinite useful lives are not amortised, but are annually or even more frequently whenever there is reason to believe the asset has lost value subjected to an impairment test to identify any reduction in value.

Finite useful life

(b) Software

Software licences are capitalised at their cost of purchase and the cost to put them in service, and are depreciated based on their estimated lifespan.
Costs associated with the development and maintenance of software are treated as period costs and charged to the Income Statement on an accruals basis.

(c) Research and development costs

Research costs are recognised in the Income Statement in the period in which they are incurred.
Development costs incurred in relation to a specific project are capitalised if the following conditions are met:

- the costs can be measured reliably;
- the technical feasibility of the projects, the forecasted volumes and prices indicate that the costs sustained as part of R&D activities will generate economic benefits in the future.

R&D costs attributed to Income Statement over the course of previous years are not post-capitalised, if at a later date the requirements are met.
Development costs with a finite useful life are amortised starting from the date the product is marketed, based on the period during which they are expected to produce economic benefits; in any case not exceeding 8 years. Development costs that do not meet these characteristics are charged to the Income Statement in the year in which they are incurred.

(d) Trademark
Trademarks are considered assets with a finite useful life. In accordance with IAS 38, these assets are amortised using a method that estimates when the future economic benefits yielded by the asset are presumed to be consumed.

(e) Other intangible assets
Other intangible assets acquired separately are capitalised at cost, while those acquired through business combinations are capitalised at fair value at the acquisition date.
After initial recognition, intangible fixed assets with a definite useful life are entered at cost, reduced by amortisation and impairment; intangible fixed assets with an indefinite useful life, at cost reduced solely by impairment.

Intangible assets are subjected annually to an impairment test and whenever there are reasons that make it appropriate; this analysis can be conducted at the level of a single intangible asset or of a cash-generating unit. The useful life of the other intangible assets is reviewed annually: any changes, where possible, are made with prospective applications.

FINANCIAL INSTRUMENTS
Presentation
The financial instruments held by the Group are included in the financial statement entries described below.
Current financial assets include trade receivables and cash and cash equivalents. In particular, the item Cash and cash equivalents include bank deposits.
Financial liabilities refer to financial debts, include debts for advance payments on orders or on credit transfers, as well as other financial liabilities (which include the negative fair value of hedging instruments), payables and other debts.

Valuation
IFRS 9 identifies the following categories of financial assets, the classification of which is the result of an assessment that depends on both of the following aspects: a) the business model adopted in the management of financial assets, and b) the characteristics of the contractual cash flows generated by them:
- Financial assets measured at amortised cost (AC): these activities fall within a business model of the hold to collect type and generate contractual cash flows which have the nature of capital and interest.
- Financial assets measured at fair value through other comprehensive income (FVOCI): these activities fall within a business model of the hold to collect type and generate contractual cash flows which have the nature of capital and interest.
- Financial assets measured at fair value through profit or loss (FVPL): this category has a residual nature and includes all financial assets other than those measured at amortised cost and at fair value with changes in fair value entered in the profit and loss account, including minority interests, as well as financial assets that do not pass the SPPI test, including non-hedging derivatives and investments other than those accounted for using the equity method.
- Any minority shareholdings, irrevocably selected as FVOCI financial instruments without recycling at the time of initial recognition. In the context of this option, contrary to what generally happens in the FVOCI category: 1) the gains and losses recognised in OCI are not subsequently transferred to the income statement, although the accumulated profit or loss is transferred to shareholders' equity; 2) equity instruments categorised under

FVOCI by virtue of this option are not subject to impairment accounting; 3) dividends are still recognised in the income statement, unless they clearly represent a recovery of part of the investment cost.

Derivative financial instruments

Consistently with the contents of IFRS 9, hedging instruments can be entered according to hedge accounting methods only when:

- at the beginning of the hedge, there is formal designation and documentation of the hedging relationship;
- it is assumed that the hedge is highly effective;
- effectiveness can be reliably measured and
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value in accordance with IFRS 9.
When financial instruments have the characteristics to be accounted for under hedge accounting, the following accounting treatment applies:

- Cash-flow hedge. If a derivative financial instrument is designated as a hedge for the exposure to variability in future cash flows of an asset or liability recognised in the balance sheet or for a highly probable expected transaction and could affect the Income Statement, the effective portion of the gain or loss on the financial instrument is recognised in other comprehensive income/(loss). The derivative gain or loss is removed from other comprehensive income / (loss) and recognised in the Income Statement of the period in which the relative economic effect of the hedged transaction is noted. The gain or loss associated with a hedge (or part of the hedge) that has become ineffective is recognised in the Income Statement immediately. If a hedging instrument or hedge relations is completed but the hedged transaction has not yet been realised, the gains and losses accrued up to the time recorded in other comprehensive income / (loss) are recognised in the Income Statement interrelated with the detection of the economic effects of the hedged transaction. If the hedged transaction is no longer probable, the cumulative gains or losses not yet realised in other comprehensive income / (loss) are recognised immediately in the Income Statement.
- *Fair value hedge.* If a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of an asset or liability that is attributable to a particular risk and could affect the Income Statement, the gain or loss from reviewing the fair value of the hedging instrument are recognised in the Income Statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the item and are recognised in the Income Statement.
- *Hedge of a net Investment.* If a derivative financial instrument is designated as a hedge of a net investment in a foreign operation, the effective portion of the gain or loss on the derivative financial instrument is recognised in other comprehensive income / (loss). The gain or loss is removed from equity and recognised in the Income Statement at the date of disposal of the foreign asset.

FINANCIAL LIABILITIES

Financial liabilities encompass financial debts, which include debts for advance payments on orders or on transfers of credits, as well as other financial liabilities, including hedging instruments and liabilities against assets entered in the scope of financial leasing agreements.
Financial liabilities are classified into the following two categories pursuant to IFRS 9: 1) financial liabilities measured at amortised cost using the effective interest rate (AC) method; 2) financial liabilities measured at fair value through profit or loss (FVPL), in turn classified in the two sub-categories Held for Trading and FVPL at inception. Most of the Group's financial liabilities are in the first category.

FINANCING

Loans are initially recognised at fair value, net of any incidental charges. After their first entry, they are accounted for on the basis of the amortised cost criteria. Any difference between the proceeds net of any transaction costs and the redemption value is recognised in the Income Statement on an accrual basis at the effective interest rate method. Financings are listed among short-term liabilities, unless the Group does not enjoy unconditional right to defer them to a more than twelve months after the closing date of the financial statements.

INVENTORIES

Inventories are stated at the lower amount between cost and net realisable value, the latter is represented by the normal sales value during ordinary activities, less the variable costs of sale. The cost is determined using the

weighted average cost method. The cost of finished goods and semi-finished goods includes the cost of design, raw materials, direct labour, other direct costs and other indirect costs allocated to production activities based on normal production capacity and on the progress. This costing does not include interest expense.
Provision is made for materials, finished goods, spare parts and other supplies considered obsolete or slow moving, taking into account their expected future use and realisable value.

TRADE AND OTHER RECEIVABLES
Trade receivables are initially entered at their fair value and subsequently quantified at their amortised cost by applying the effective interest method, net of impairment, to account for receivables that prove uncollectable.
The receivables are written down according expected losses model provided for in IFRS 9. Specifically, trade receivables are written down using a simplified approach, which estimates the expected loss over their entire life. The estimate is chiefly made by determining the average expected non-collectability, based on historical experience, external indicators and forecasts. Specific measurements are made on individual receivables in certain categories of loans subject to particular elements of risk.

ASSIGNMENT OF RECEIVABLES
Receivables assigned through factoring transactions are eliminated from assets if and only if the risks and benefits that come with their ownership have all been transferred to the beneficiary. Receivables with recourse and receivables without recourse that do not satisfy the aforementioned requirement remain recorded in the company's financial statements, even though they have been legally transferred; in this case a financial liability of the same amount is accounted for in the consolidated financial statements as payables for advances on the transfer of receivables. Profits and losses from the assignment of these assets are only reported when those assets have been cancelled from the Group's Balance Sheet.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash, bank deposits instantly available and overdraft allowances on bank accounts and other liquid investments collectable within three months. Bank overdrafts are entered in the financial statements among short-term financings.

ASSETS HELD FOR SALE
Assets held for sale include non-current assets (or disposal groups) whose book value will be recovered mainly through sale rather than through continuing use. Assets for sale are entered at the least between the net book value and the fair value net of costs of sale and they are not subject to depreciation or amortisation.

SHARE CAPITAL
Ordinary shares are classified in the Net Equity.
Accessory charges directly linked to issued shares or to options are entered in the Net Equity, subtracted from cash payments. When the Group purchases parent shares, the price paid net of all directly attributed accessory charges is subtracted from the Group's Net Equity, until the treasury shares are either cancelled or sold.

CURRENT AND DEFERRED TAXES
The tax burden for the year is determined according to the legislation in force and at the date of closure of the financial statements. Taxes are recognised in the Income Statement. Concerning in particular the two Italian companies PRIMA INDUSTRIE SpA and PRIMA ELECTRO SpA, it should be noted that the tax bracket of its national consolidated business is in force pursuant to Article 117/129 of the Income Tax Consolidation Act (TUIR).

Deferred taxes are calculated on all temporary differences between the fiscal value and book value of assets and liabilities listed in the consolidated financial statements.

Deferred taxes are not accounted for:
- on goodwill deriving from business combinations;
- on the initially entered asset and liability deriving from a transaction other than a business combination and that does not affect either the operating profit calculated in the financial statements or the taxable income.

Deferred taxes are calculated using tax rates and applying the laws issued or essentially issued on the closing date

of the financial statements, and that are expected to be applied upon reversal of the temporary differences that have led to their entry in the first place.
Deferred tax assets are entered in the financial statements only if it is likely that when the temporary differences are reversed, a taxable income will be generated that is sufficient to compensate the credit. Deferred tax assets are reviewed at the end of every business year and if need be reduced, to the extent that it is improbable that sufficient taxable income will be available in the future, so that part or all the credit can be used.
Deferred taxes are also calculated on temporary differences that originate on stakes in subsidiaries, associates and JV's, except when the reversal of those differences can be contained by the Group and it is likely that they will not occur in the near future. Deferred taxes related to items recognised directly in equity are also recognised directly in equity.

EMPLOYEE BENEFITS

On June 16, 2011, the IASB issued an amendment to "IAS 19 - Employee Benefits", which modifies the rules for the recognition of fixed benefits plans and of terminations benefits. The main changes concern the recognition in the balance sheet of the deficit or surplus of the plan, the introduction of the net financial burden and the classification of net financial expenses. In particular:

- Recognition of the deficit or surplus of the plan: the amendment eliminates the option to defer actuarial gains and losses with the "corridor method" and it requires the recognition directly in Other comprehensive income (losses) and the recognised in the Income Statement of costs related to past service;
- Net financial expense: the net financial expense is composed of financial costs calculated on the present value of liabilities for fixed benefits plans, financial gains from the valuation of plan's assets and financial income or expenses arising from any limits to the recognition of the surplus of the plan. The net financial expense is determined using for all of these components the discount rate used for the measurement of the fixed benefits plans at the beginning of the period;
- Classification of net financial expenses: the net financial expenses must be recognised under financial income (expenses) in the Income Statement.

(a) Pension plans

Up to December 31, 2006, Severance Pay (TFR) of Italian companies was considered a plan of fixed benefits. The legislation applying to the liability was modified by Law of December 27, 2006, no. 296 ("Financial Law 2007") and the subsequent Decrees and Regulations issued in the first months of 2007. In light of those amendments, and with reference in particular to companies with at least 50 employees, Severance Pay is now considered a plan exclusively for the amounts accrued before January 1, 2007 (and not adjusted in the financial statements), whereas for the amounts accrued after that date it is similar to a defined contribution plan.

Defined-benefit plans are pension plans that define the amount of the pension benefit owed to the worker on the date the employment relation is ended; this amount depends on several factors, such as age, years of service and wage.
Defined-contribution plans are pension plans for which the Group pays a fixed amount to a separate entity. The Group is in no way implicitly required by law to pay additional sums, should the activities in service of the plan prove insufficient to pay off benefits owed to employees for their current service and for services provided hitherto.
The plans described here were recorded in accordance with the provisions of IAS 19.

(b) Benefits paid to employees who attain a certain seniority status

Certain Group companies pay their employees benefits after a set number of years in service (seniority status).
The benefits described here were recorded in accordance with the provisions of IAS 19.

(c) Incentives, bonuses and profit-sharing agreements

The Group enters a cost and a debt in view of liabilities that originate for bonuses, employee incentives and profit-sharing agreements, which are calculated with a formula that accounts for profits attributable to shareholders (given their due adjustments). The Group enters a liability for a provision only if the event is likely to occur, if contractually due, or in view of a procedural custom that infers an implicit obligation.
In addition, the Group has adopted an equity incentive plan, this plan is valued in accordance with the provisions of IFRS 2 which provides for the recognition of a cost, determined with reference to the fair value of the share at the grant date over the vesting period of the rights with a specific equity reserve as a contra entry.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are recognised when:

- the Group is faced with a legal or implicit obligation as result of previous events;
- an outflow of resources to settle the obligation is probable;
- its amount is reliably determinable.

Restructuring funds include the estimate of the liability possibly arising from the redundancy incentive. Provisions are not set aside for liabilities and charges in respect of future operating losses.
Provisions entered in the financial statements are the best updated estimates made by Directors in identifying the costs (amount) the Group will be called to incur on the closing date to extinguish the obligation.

REVENUE RECOGNITION

Revenues are recorded net of VAT, returns, discounts and transactions between Group companies.

The Group recognises revenues according to IFRS 15 – Revenues from Contracts with Customers, which introduced a reference framework for the recognition and measurement of revenues for the faithful representation of the process of transferring goods and services to customers for an amount that reflects the amount expected in exchange for them. This standard is applied using a model made up of the five following stages:

- Identification of the contract with the customer: occurs when the parties approve the contract, which has commercial substance, and identify their respective rights and obligations. The contract must be legally binding, must identify the right to receive goods and/or services, the consideration and the payment terms;
- Identification of the performance obligations of the contract, i.e. promises to transfer separate goods and services.
- Determination of the consideration for the transaction (i.e. transaction price): this is the total contracted amount with the counterparty over the duration of the contract.
- Price allocation to the various contractual obligations: in proportion to the respective stand-alone selling prices determined on the basis of the list prices.
- Recognition of revenue subject to fulfilment of performance obligations.

(a) Sale of goods

With reference to the sale of laser systems, sheet metal working machines and components, the Group recognises the revenue when it transfers control of the asset to its customer; this moment generally coincides with the Group obtaining the right to payment and with the transfer of physical possession of the asset, which incorporates the transfer of the significant risks and benefits of ownership. The Group considers a warranty extension beyond normal market conditions as a performance obligation that should be recorded separately.

(b) Provision of services

Revenues from services are recognised based on the progress made in the period in which they are performed.

(c) Royalties

Revenues from royalties are recognised on an accrual basis under the agreed conditions in the underlying contracts.

DISTRIBUTION OF DIVIDENDS

The distribution of dividends to shareholders generates a payable at the time of approval by the Shareholders' Meeting.

PROFIT PER SHARE

Basic profit per share is calculated by dividing the Group's Net Profit by the weighted average number of shares in circulation during the business year. In order to calculate profit by single share, the average weighted value of circulating shares is modified on the assumption that all shares with a potentially diluting effect will be converted. The Group's Net Profit too, is adjusted to account for the effects (net of taxes) of the conversion of potentially diluting shares issued by subsidiaries.

GOVERNMENT GRANTS

Public contributions are entered in the financial statements at their fair value only if it is reasonably certain they will be paid and the Group has satisfied all the requirements established by the conditions to obtain them. Revenues from government grants are recognised in the Income Statement based on the costs for which they were granted.

CONVERSION OF FOREIGN CURRENCY
All values are rounded to the nearest Euro.

(a) Functional currency and listing currency
Financial statements of subsidiaries, associates and joint ventures are drafted applying their functional currency, i.e. the currency widely used in their chief area of business. The currency used by the PRIMA INDUSTRIE Group for financial statement entries is the Euro.

(b) Assets, liabilities and transactions in foreign currencies
Transactions in foreign currency are initially recorded at the exchange rate at the transaction date.
Assets and liabilities in a foreign currency are converted to EUR using the exchange rate applicable on the closing date of the financial statements. All currency exchange differences are reported in Profit & Loss.

(c) Group companies
On the closing date of the financial statements, the assets and liabilities of Group companies in a foreign currency are converted to EUR at the exchange rate applicable on said date. Their entry in the Income Statement is converted applying the average exchange rate for the year. Currency exchange differences are directly reported in Net Equity and are listed separately in the "Currency conversion Reserve", until divestment of the subsidiary.

ESTIMATE OF FAIR VALUE
The fair value of financial instruments traded in an active market is determined based on market prices at the reporting date. The market price used as reference for financial assets held by the Group is the current price of sale (or price of purchase for financial liabilities).
The fair value of financial instruments that are not traded in an active market is determined using various valuation techniques and assumptions based on market conditions existing at the reporting date. For medium and long-term liabilities comparing prices of similar listed financial instruments, for the other categories of financial instruments cash flows are discounted.
The fair value of IRS is determined by discounting the estimated deriving cash flows at the reporting date. For receivables it is assumed that the nominal value net of any adjustments made to take account of their payable approximates their fair value. For the purpose of the required information provided in this report, the fair value of financial liabilities is determined by updating cash flow generated by contracts at an interest rate approximating the market rate the Group applies to fund its business.

DISCRETIONAL ASSUMPTIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements requires Management to make a number of subjective assumptions and estimates based on past experience.
The application of these estimates and assumptions affects the amounts of assets and liabilities recognised in the balance sheet, as well as expenses and income recognised in the Income Statement. Actual results may differ significantly from the estimates made, in view of the natural uncertainty surrounding the assumptions and conditions on which the estimates are based.

More specifically, taking account of the uncertainty that persists in certain markets and the economic-financial context in which the Group operates, it cannot be excluded that in the next business year, results will be different from our estimates and that adjustments (even significant) to the book value of the given entries may therefore prove necessary, which cannot presently be either estimated or forecasted. The main items affected by these situations of uncertainty are provisions for doubtful accounts receivable and inventory, non-current assets (tangible and intangible assets), pension liabilities and other post-employment benefits, deferred tax assets.

What follows is a summary of the main evaluation process and key assumptions made as part of that process that may significantly affect the amounts reported in the consolidated financial statements or that involve a risk of ensuing adjustments to the book value of the assets and liabilities in the year following the one balanced in the financial statements.

Recoverable value of goodwill
The impairment test of the goodwill took place in the value in use configuration, determined with reference to the value of the income flows, discounted to the WACC, for the given period, increased by the terminal value. This exercise did not highlight the need to make write-downs to the book value of goodwill.
Recoverability considerably depends on the discount rate used as part of updated cash-flow models, including cash flow expected in the future and the rate of growth used for extrapolation. The key assumptions made in determining recovery for the several cash-flow generating units (CGU), including a sensitivity analysis, are described in detail in Note 2 – Intangible assets.

Development costs
Development costs that meet the requirements for capitalisation are recorded under Intangible Fixed Assets. The average life of research and development projects is estimated at a maximum of 8 years, which is the average period in which the products are estimated to generate cash flows for the Group.

Deferred tax assets and liabilities
Deferred tax assets and liabilities entered in the financial statements are determined by applying the difference between the book value and the fiscally recognised value of the various assets and liabilities, the tax rates that are presumed to apply in the various countries in the year the temporary differences are expected to fall short. Deferred tax assets relating to fiscal losses reportable in following years are entered in the financial statements only if and to the extent that the management expects the concerned company to generate a fiscal profit in those years, such as to allow their absorption.
If arising circumstances after the estimates are made induce management to modify those evaluations, i.e. the rate used in calculating the deferred taxes has changed, the items entered in the financial statements are accordingly adjusted.

Provision for inventory write-down
In determining inventory write-down provisions, Group companies make a series of estimates on the future requirement for various types of products and materials shared, based on their production plans and previous experience with customer demand. If those estimates prove inaccurate, the obsolescence reserves will be adjusted and will consequently affect the Profit & Loss.

Provisions for doubtful accounts
Provisions for doubtful accounts are determined based on an analysis of the individual debtors and in the light

of past experience in terms of debt and relationships with individual customers. In the event that there is an unexpected deterioration in the economic and financial conditions of a major customer, this could result in the need to adjust the bad debt reserve, with the consequent negative effects in terms of economic performance.

Employee Benefits
Several Group companies (particularly in Italy, Germany and France) have legally or contractually required plans for employee benefits that are paid after the employment relation ends. To calculate the amount entered in the financial statements, actuarial estimates are required that duly consider a series of assumptions on such parameters as annual inflation rates, increase in salaries, annual personnel turnover rate and a set of other variables. A variation in these parameters calls for a readjustment of the actuarial estimates and, consequently, of the amounts reported in the financial statements.

VARIATIONS TO ACCOUNTING PRINCIPLES

Accounting principles and interpretations transposed by the European Union and applicable from January 1, 2021
In accordance with the requirements of IAS 8 (Accounting principles, changes in accounting estimates and errors), the IFRS in force at January 1, 2021 are indicated and briefly illustrated below.

On January 13, 2021, the European Commission issued Regulation no. 2021/25 approving the document "*Interest rate Benchmark Reform - Phase 2*", applicable as of January 1, 2021, containing amendments to, inter alia, the following standards: *"IFRS 9 - Financial Instruments", "IFRS 7 - Financial Instruments: Disclosures", "IFRS 16 - Leases"*. The amendments introduced provide for a specific accounting treatment that spreads over time the changes in value of financial instruments or leasing contracts due to the replacement of the benchmark index used to determine interest rates, thus avoiding immediate repercussions on the result for the year and interruptions to hedging relationships following the replacement of the benchmark index used to determine interest rates.

On March 31, 2021, the IASB issued the document "Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021". This document was published on August 30, 2021 in the Official Journal of the European Community. The amendment increases by twelve months, from June 30, 2021 to June 30, 2022, the period of application of the practical measure, introduced on May 28, 2020, for the accounting of rental concessions relating to COVID-19. The amendment is effective from April 1, 2021.

The adoption of these amendments and interpretations did not affect the consolidated financial statements as at December 31, 2021.

Accounting standards endorsed by the European Union but not yet mandatorily applicable
At the date of this Annual Report, the following standards had been endorsed by the European Union but were not yet mandatory.

On May 14, 2020 the IASB published the following amendments, which are applicable to reporting periods beginning on or after January 1, 2022.

- Amendments to *IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"*, aimed at providing clarifications on how to determine the onerousness of a contract. The amendment clarifies that in estimating whether a contract is onerous, it is necessary to consider all costs directly attributable to the contract, including incremental costs and all other costs that the enterprise cannot avoid as a result of entering into the contract.
- Amendments to *IAS 16 "Property, Plant and Equipment*: *Proceeds before Intended Use"*, aimed at defining that the revenues deriving from the sale of goods produced by an asset, before it is ready for its intended use, are entered in the income statement together with the relative production costs.
- Amendments to IFRS 3 *"Reference to the Conceptual Framework".* The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without making any changes to the provisions of the standard.

- Issue of the document *"Annual Improvements to IFRS Standards 2018-2020 Cycle"*, containing amendments, essentially of a technical and editorial nature, to the following international accounting standards: *"IFRS 1 - First-time Adoption of International Financial Reporting Standards", "IFRS 9 - Financial Instruments, "IAS 41 - Agriculture"* and illustrative examples of "*IFRS 16 - Leases*".

These amendments have now been approved following their publication in the Official Journal of the European Union on July 2, 2021.

The Group will adopt these new principles, amendments and interpretations from their date of application.

The Group is currently analysing these standards and assessing whether their adoption will have a significant impact on the consolidated financial statements.

Accounting standards and interpretations issued by the IASB and not yet transposed by the European Union
At the date of this Annual Report, the following principles have been issued by the IASB and not yet transposed by the European Union.

On January 23, 2020 the IASB issued the document "*Amendments to IAS 1 Presentation of Financial Statements*: *classification of liabilities as current or non-current"* to clarify the requirements for classifying liabilities as "current" or "non-current". More specifically, the amendments i) specify that the conditions existing at the end of the reporting period are those that should be used to determine whether the right to defer settlement of a liability exists; ii) specify that management's expectations about events after the reporting date are not material; iii) clarify the situations that are considered to be the settlement of a liability. The amendments shall enter into force on January 1, 2023.

On May 18, 2017, the IASB issued the standard '*IFRS 17 - Insurance Contracts*' to replace the current '*IFRS 4 - Insurance Contracts*'. The new standard, effective for annual reporting periods beginning on or after January 1, 2023, addresses the accounting treatment of insurance contracts issued and reinsurance contracts held.

On February 12, 2021, the IASB issued the document *"Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*". The objective of the amendments is to develop guidance and examples to assist companies in applying a judgement of materiality in disclosing accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to disclosures about accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

On February 12, 2021, the IASB issued the document "*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*". The amendments provide some clarification on the distinction between changes in accounting estimates and changes in accounting policies: the former are applied prospectively to future transactions and other future events, the latter are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

On May 7, 2021, the IASB issued the document '*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*. The document addresses the practical application of the exemption provided by paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability upon initial recognition and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences when entered into. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

The Group will adopt these new principles, amendments and interpretations from their date of application.

The Group is currently analysing these standards and assessing whether their adoption will have a significant impact on the consolidated financial statements.

Chapter 8

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

CHAPTER 8

CHAPTER 8. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

The data shown in the explanatory note are expressed in Euro thousand.

SEGMENT REPORTING

In accordance with IFRS 8, and in line with the Group's management and control model, the Group's management has identified PRIMA POWER and PRIMA ELECTRO as the operating divisions that are subject to segment reports.

The PRIMA POWER Division includes the design, manufacture and sale of:

- laser machines to cut, weld and punch metallic components, three-dimensional (3D) and two-dimensional (2D), and
- sheet metal processing machines that use mechanical tools (punchers, integrated punching and shearing systems, integrated punching and laser cutting systems, panel bending, bending machines and automated systems).

The PRIMA ELECTRO division includes the development, construction and sale of electronic power and control components, and high-power laser sources for industrial applications, intended for the machines of the Group and third customers.

The PRIMA ADDITIVE Division is dedicated to the design, production and sale of turnkey solutions for the main technologies in the Additive Manufacturing field: Powder Bed Fusion and Direct Metal Deposition, as well as the related application support and services.
The financial and equity data of PRIMA ADDITIVE are currently negligible and do not meet the thresholds set out in IFRS 8 for disclosure purposes and therefore this division's information is currently aggregated to the data for the PRIMA POWER Division.

The following tables show the financial information directly attributable to the two divisions PRIMA POWER and PRIMA ELECTRO, as described above.

	PRIMA POWER		PRIMA ELECTRO		ELIMINATION		PRIMA INDUSTRIE GROUP	
Values in euro thousand	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**	**Dec 31, 2021**	**Dec 31, 2020**
Net revenues	381,273	310,799	48,615	41,060	(22,316)	(18,896)	407,572	332,963
Cost of goods sold	(298,714)	(245,457)	(42,412)	(37,575)	22,080	18,758	(319,046)	(264,274)
GROSS MARGIN	**82,559**	**65,342**	**6,203**	**3,485**	**(236)**	**(138)**	**88,526**	**68,689**
Research and Development costs	(18,898)	(14,941)	(3,705)	(13,484)	-	74	(22,603)	(28,351)
Sales and marketing expenses	(25,482)	(21,745)	(1,273)	(1,551)	23	8	(26,732)	(23,288)
General and administrative expenses	(22,789)	(19,805)	(2,345)	(2,498)	102	(5)	(25,032)	(22,308)
OPERATING PROFIT (EBIT)	**15,390**	**8,851**	**(1,120)**	**(14,048)**	**(111)**	**(61)**	**14,159**	**(5,258)**
Net financial expenses	(4,867)	(3,905)	(345)	(217)	-	-	(5,212)	(4,122)
Net exchange differences	1,339	(1,095)	(62)	(90)	-	-	1,277	(1,185)
Net result of other investments	-	2,154	-	(49)	-	(2,100)	-	5
RESULT BEFORE TAXES (EBT)	**11,862**	**6,005**	**(1,527)**	**(14,404)**	**(111)**	**(2,161)**	**10,224**	**(10,560)**
Taxes	(2,896)	(1,413)	661	4,543	36	16	(2,199)	3,146
NET RESULT	**8,966**	**4,592**	**(866)**	**(9,861)**	**(75)**	**(2,145)**	**8,025**	**(7,414)**
- Attributable to Group shareholders	*8,739*	*4,805*	*(866)*	*(9,861)*	*(75)*	*(2,145)*	*7,798*	*(7,201)*
- Attributable to minority shareholders	*227*	*(213)*	*-*	*-*	*-*	*-*	*227*	*(213)*

	PRIMA POWER		PRIMA ELECTRO		ELIMINATION		PRIMA INDUSTRIE GROUP	
Values in euro thousand	**Dec 31, 21**	**Dec 31, 20**	**Dec 31, 21**	**Dec 31, 20**	**Dec 31, 21**	**Dec 31, 20**	**Dec 31, 21**	**Dec 31, 20**
Property, plant and equipment	60,295	52,075	11,559	12,206	-	-	71,854	64,281
Intangible assets	110,538	115,453	6,298	5,596	(212)	(212)	116,624	120,837
Investments accounted for using the equity method	394	394	-	-	-	-	394	394
Other investments	17,872	17,171	-	-	(10,945)	(10,945)	6,927	6,226
Non current financial assets	2,728	2,728	1,505	1,505	-	-	4,233	4,233
Deferred tax assets	15,184	12,256	3,284	5,083	355	317	18,823	17,656
NON CURRENT ASSETS	**207,011**	**200,077**	**22,646**	**24,390**	**(10,802)**	**(10,840)**	**218,855**	**213,627**
Inventories	109,525	97,557	26,567	22,247	(1,233)	(1,115)	134,859	118,689
Trade receivables	86,190	72,565	13,238	11,493	(8,264)	(6,434)	91,164	77,624
Other receivables	6,274	7,145	700	1,584	(2)	3	6,972	8,732
Current tax receivables	4,013	2,484	7,078	3,545	(1,805)	(1,016)	9,286	5,013
Derivatives	-	365	-	-	-	-	-	365
Financial assets	13,280	8,427	24	43	(12,932)	(8,412)	372	58
Cash and cash equivalents	65,290	61,894	1,965	1,105	12	-	67,267	62,999
CURRENT ASSETS	**284,572**	**250,437**	**49,572**	**40,017**	**(24,224)**	**(16,974)**	**309,920**	**273,480**
Assets held for sale	**775**	**1,255**	**4,000**	**4,000**	**-**	**-**	**4,775**	**5,255**
TOTAL ASSETS	**492,358**	**451,769**	**76,218**	**68,407**	**(35,026)**	**(27,814)**	**533,550**	**492,362**
STOCKHOLDERS' EQUITY	**162,647**	**148,996**	**25,162**	**27,579**	**(14,191)**	**(14,111)**	**173,618**	**162,464**
Interest-bearing loans and borrowings	80,774	95,133	18,919	15,454	(3,334)	(5,269)	96,359	105,318
Employee benefit liabilities	5,149	5,420	1,580	1,684	(1)	-	6,728	7,104
Deferred tax liabilities	3,867	3,865	812	894	(1)	-	4,678	4,759
Provisions	244	238	-	-	-	-	244	238
Derivatives	140	419	-	-	-	-	140	419
NON CURRENT LIABILITIES	**90,174**	**105,075**	**21,311**	**18,032**	**(3,336)**	**(5,269)**	**108,149**	**117,838**
Trade payables	91,386	63,889	15,127	11,925	(8,274)	(6,424)	98,239	69,390
Advance payments	52,103	39,557	35	150	312	312	52,450	40,019
Other payables	21,622	16,668	2,607	2,576	(3)	-	24,226	19,244
Interest-bearing loans and borrowings	42,581	52,152	10,734	7,083	(7,466)	(1,043)	45,849	58,192
Current tax payables	10,269	6,517	256	211	(1,813)	(1,024)	8,712	5,704
Provisions	21,531	18,915	986	851	(255)	(255)	22,262	19,511
Derivatives	45	-	-	-	-	-	45	-
CURRENT LIABILITIES	**239,537**	**197,698**	**29,745**	**22,796**	**(17,499)**	**(8,434)**	**251,783**	**212,060**
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**492,358**	**451,769**	**76,218**	**68,407**	**(35,026)**	**(27,814)**	**533,550**	**492,362**

PRIMA POWER

The revenues of the PRIMA POWER division increased by 22.7% compared to the previous year. The division achieved good results in terms of revenues in Italy (19.2% of division revenues), in the countries of Northern Europe (9.6%), in Germany, Austria and Switzerland (6.0%) and in Spain and Portugal (4.4%). Sales in the AMERICAS area account for 27.4% of the division's revenues, whereas China accounts for 10.9%.

EBIT at December 31, 2021 was Euro 15,390 thousand and increased by Euro 6,539 thousand; this result was affected by amortisation, depreciation and impairment for Euro 15,713 thousand, of which Euro 4,452 thousand related to amortisation of development costs and to the amortisation relating to Trademark registration recognised in the business merger of the FINN-POWER Group equal to Euro 1,908 thousand.

It should be specified that EBIT at December 31, 2021 was affected by non-recurring events of Euro 2,566 thousand and related mainly to Euro 1,768 thousand for restructuring/reorganisation costs, Euro 823 thousand for legal/tax litigation costs and penalties from customers and Euro 526 thousand for costs related to COVID-19. Also included are government grants paid to tackle the COVID-19 pandemic for Euro 878 thousand, impairment losses on intangible assets for Euro 61 thousand and write-downs on tangible assets for Euro 266 thousand. As at December 31, 2020 the non-recurring events were negative for Euro -2,816 thousand.

PRIMA ELECTRO

The revenues of the PRIMA ELECTRO division increased by Euro 7,555 thousand compared to December 31, 2020. EBIT is negative for Euro -1,120 thousand and is up by Euro 12,928 thousand compared to the previous year, it should be remembered that last year's result included an impairment of Euro 10,486 thousand. EBIT at December 31, 2021 was affected by depreciation of tangible assets for Euro 2,662 thousand and amortisation of intangible assets for Euro 910 thousand.

CONSOLIDATED FINANCIAL POSITION

1.Property, plant and equipment

Property, plant and equipment amounted to Euro 71,854 thousand as at December 31, 2021, an increase of Euro 7,573 thousand compared to December 31, 2020 mainly due to the completion of Prima Industrie SpA's production site in Collegno (Turin).

For more details, refer to the table below.

PROPERTY, PLANT AND EQUIPMENT	Land and Building	Plants and Machinery	Industrial and Commercial equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as at December 31, 2019	**48,199**	**6,693**	**4,204**	**9,283**	**801**	**69,180**
Movements 2020						
Increases	4,962	720	842	3,215	1,162	10,901
Disinvestments	(219)	(30)	(60)	(541)	-	(850)
Utilization of accumulated depreciation	196	36	66	505	-	803
Leasing contracts Advance Closing	(2,106)	-	-	-	-	(2,106)
Depreciation	(4,341)	(1,365)	(1,647)	(3,915)	-	(11,268)
Reclassifications with tangible fixed assets	3	-	147	-	(150)	-
Reclassifications with intangible fixed assets	-	-	-	9	-	9
Reclassifications to Assets held for sale	(1,041)	-	-	-	-	(1,041)
Differences on exchange rates	(964)	(38)	(155)	(156)	(34)	(1,347)
Net value as at December 31, 2020	**44,689**	**6,016**	**3,397**	**8,400**	**1,779**	**64,281**
Movements 2021						
Increases	12,250	929	1,238	4,162	530	19,109
Disinvestments	(67)	(580)	(70)	(668)	-	(1,385)
Utilization of accumulated depreciation	37	580	72	621	-	1,310
Leasing contracts Advance Closing	(1,401)	-	-	-	-	(1,401)
Depreciation	(4,270)	(1,454)	(1,526)	(3,811)	-	(11,061)
Reclassifications with tangible fixed assets	388	823	245	-	(1,456)	-
Differences on exchange rates	792	59	104	4	42	1,001
Net value as at December 31, 2021	**52,418**	**6,373**	**3,460**	**8,708**	**895**	**71,854**
Of which Rights of use						
Net value as at December 31, 2020	31,982	584	63	4,596	-	37,225
Increases	11,618	91	-	3,361	-	15,070
Disinvestments	(475)	-	-	(55)	-	(530)
Leasing contracts Advance Closing	(1,401)	-	-	-	-	(1,401)
Depreciation	(3,547)	(254)	(46)	(2,851)	-	(6,698)
Differences on exchange rates	528	-	-	(30)	-	498
Total Rights of use	**38,705**	**421**	**17**	**5,021**	**-**	**44,164**

The increases come to Euro 19,109 thousand and relate mainly to Industrial and Commercial Equipment and Other assets (which include electronic office machinery, furniture and vehicles).

Depreciation in the year totalled Euro 11,061 thousand, while exchange rate differences had a positive impact of Euro 1,001 thousand.

2.Intangible assets

Intangible assets as at December 31, 2021 were equal to Euro 116,624 thousand and decreased by Euro 4,213 thousand compared with December 31, 2020.

For more details, refer to the table below.

INTANGIBLE ASSETS	Goodwill	Development costs	Other intaglible assets	TOTAL
Net value as at December 31, 2019	**97,894**	**28,512**	**8,299**	**134,705**
Movements 2020				
Increases/(decreases)	-	5,729	278	6,007
Depreciation	-	(7,951)	(2,737)	(10,688)
Impairment	-	(10,486)	-	(10,486)
Reclassifications with others items	-	1,738	-	1,738
Reclassifications with tangible fixed assets	-	-	(9)	(9)
Differences on exchange rates	(143)	(257)	(30)	(430)
Net value as at December 31, 2020	**97,751**	**17,285**	**5,801**	**120,837**
Movements 2021				
Increases/(decreases)	-	2,390	964	3,354
Depreciation	-	(5,301)	(2,596)	(7,897)
Impairment	-	-	(61)	(61)
Reclassifications with others items	-	27	-	27
Differences on exchange rates	129	181	54	364
Net value as at December 31, 2021	**97,880**	**14,582**	**4,162**	**116,624**

The most significant item is represented by Goodwill, which on December 31, 2021 amounted to Euro 97,880 thousand.
All goodwill recorded in the financial statements relates to the higher value paid compared to the fair value of the net assets acquired, at the date of acquisition.

The table below shows the book value of the goodwill allocated to each of the Cash Generating Units (CGU).

CASH GENERATING UNIT	BOOK VALUE GOODWILL December 31, 2021	BOOK VALUE GOODWILL December 31, 2020
PRIMA POWER	97,727	97,598
PRIMA ELECTRO - BU Electronics	153	153
TOTAL	**97,880**	**97,751**

PRIMA POWER

As at December 31, 2021, the recoverable value of the cash generating unit underwent an impairment test to ascertain any loss in value. This involved a comparison of the book value of the CGU (including goodwill) and its value in use, that is the present value of the expected future cash flows from its continuous use and from its disposal at the end of its useful life.

The value in use was determined by discounting the cash flows contained in the financial plan (consisting of the Budget for the first year and re-forecasts for the following years) of the PRIMA POWER division approved by the Board of Directors of PRIMA INDUSTRIE SpA on February 28, 2022 concerning the time period January 1, 2022 - December 31, 2024. The assumptions in the cash flow forecast in the explicit projection period were based on prudential finding and use realistic and achievable future expectations. In order to determine the value in use of the CGU, the sum of the explicit projection cash flows, discounted by 3 years, and a terminal value were considered, to determine the criteria for discounting the perpetual annuity. The discount rate applied to future cash flows was 6.39% post-tax (at December 31, 2020 the post-tax was 6.47%), calculated in consideration of the sector in which the CGU operates, the countries in which the CGU is expected to achieve the planned results, the fully operational debt structure and the current economic situation. For cash flows of financial years after the explicit projection period, a growth rate of 0.5% (the same used in previous years) was assumed, in line with growth expectations.
Determination of the value-in-use using the process illustrated led to a recoverable value above the book value of

the cash-flow generating unit, making it possible to avoid any reductions in the value of goodwill allocated to the PRIMA POWER segment.
In terms of the basic assumptions described above, a sensitivity analysis of the results was also carried out in relation to the WACC, the growth rate (g) and the forecast results. Specifically, even with significant increases in the cost of capital and the resetting to zero of the perpetuity growth rate (g), the values in use show no impairment losses. Indeed, assuming a growth rate (g) of zero, the (post-tax) WACC that would make the recoverable value of the CGU equal to its book value would be 16.25%.
A sensitivity analysis was also carried out with forecast results lower than the expectations reflected in the 2022-2024 plan; if the revenues forecast for 2022 were reduced by 5% (and consequently EBITDA as well) and the percentage growth rates of subsequent years were maintained unchanged, also in this case (with a post-tax WACC of 6.39% and a growth rate of 0.5%) the values in use would not reveal any impairment losses. Considering a growth rate (g) of 0.5% and a post-tax WACC of 6.39%, a reduction in future revenues of about 20% (with percentage growth rates in subsequent years remaining unchanged and with a cost structure consistent with turnover levels), would make the recoverable value of the CGU equal to its book value.
It should be emphasised that the data for this sensitivity study refers to a theoretical year that has some limitations. Indeed, in the reference industry, the greater the revenue contractions, the higher the growth rates during the positive phase of the cycle. Hence a reduction in revenues of 20%, keeping the growth rates constant in the following years (i.e. no recovery of the percentage loss of revenues during the five-year period), would mean either a contraction in the machine tools market during the next cycle or a loss in market share for the PRIMA POWER segment. Neither of these events appears likely at the moment.

At the conclusion of the test at December 31, 2021, the value in use of the PRIMA-POWER CGU is higher than the book value of approximately Euro 295 million.

PRIMA ELECTRO

Within the PRIMA ELECTRO Division, the Group identifies two CGUs: 1) PRIMA ELECTRO LASER BU, which designs, develops and produces custom laser sources with high technological content, both high power for the industrial market and low-medium power for the medical/aesthetic market, intended for the Group and third-party customers; 2) the PRIMA ELECTRO "ELECTRO" BU, which through the DOTS (Dedicated-Off-The-Shelf) business model designs, produces and industrialises dedicated power and control electronics for various application markets.

At December 31, 2021, the recoverable value of the cash generating unit underwent an impairment test to ascertain any loss in value. This involved a comparison of the book value of the CGU (including goodwill) and its value in use, that is the present value of the expected future cash flows from its continuous use and from its disposal at the end of its useful life.

The value in use was determined by discounting the cash flows contained in the financial plan (consisting of the Budget for the first year and re-forecasts for the following years) of the PRIMA ELECTRO LASER BU division approved by the Board of Directors of PRIMA ELECTRO SpA concerning the time period January 1, 2022 - December 31, 2025. The assumptions in the cash flow forecast in the explicit projection period were based on prudential finding and use realistic and achievable future expectations. In order to determine the value in use of the CGU, the sum of the explicit projection cash flows, discounted by 4 years, and a terminal value were considered, to determine the criteria for discounting the perpetual annuity. The discount rate applied to future cash flows was 6.39% (post-tax), calculated in consideration of the sector in which the CGU operates, the countries in which the CGU is expected to achieve the planned results, the fully operational debt structure and the current economic situation. For cash flows of financial years after the explicit projection period, a growth rate of 0.5% (the same used in previous years) was assumed, in line with recent market valuations.
Determination of value in use using the above process led to a recoverable value that was higher than the book value of the cash generating unit, making it possible not to make reductions to the book value of property, plant and equipment and intangible assets assigned to the PRIMA ELECTRO BU CGU.
In terms of the basic assumptions described above, a sensitivity analysis of the results was also carried out in relation to the WACC, the growth rate (g) and the forecast results. Specifically, even with significant increases in the cost of capital and the resetting to zero of the perpetuity growth rate (g), the values in use show no impairment

losses. Indeed fact, assuming a growth rate (g) of zero and with an additional risk premium of 2.00%, the (post-tax) WACC that would make the recoverable value of the CGU equal to its book value would be 20.0%.
A sensitivity analysis was also carried out with forecast results lower than the expectations reflected in the 2022-2025 plan; if the revenues forecast for 2022 were reduced by 5% (and consequently EBITDA as well) and the percentage growth rates of subsequent years were maintained unchanged, also in this case (with a post-tax WACC of 6.39% and a growth rate of 0.5%) the values in use would not reveal any impairment losses. Considering a growth rate (g) of 0.5% and a post-tax WACC of 6.39%, a reduction in future revenues of about 20.0% (with percentage growth rates in subsequent years remaining unchanged and with a cost structure consistent with turnover levels), would make the recoverable value of the CGU equal to its book value.

At the conclusion of the test at December 31, 2021, the value in use of the CGU is higher than its book value.

OTHER INTANGIBLE FIXED ASSETS

As can be deduced from the year's progression, most increases in 2021 were due to the capitalisation of development costs.
Considering the business of Prima Industrie SpA (and by all other Group companies) having a high technological content, it is absolutely essential to have constant investment in research and development activities. The capitalisation of development costs has been carried out by the PRIMA INDUSTRIE Group where there are the conditions set out in IAS 38. For all the development activities of capitalised new projects, the technical feasibility has been verified as well as the generation of probable future economic benefits. The capitalised costs on development projects are monitored individually and measured in terms of the economic benefits expected from the time of their implementation. The costs capitalised on projects where the technical feasibility is uncertain or no longer strategic are assigned to the Income Statement. The rate applied for the number of hours of internal development reflects the cost of industrial man-hours.

It should be noted that the trademark deriving from the Purchase Price Allocation of FINN-POWER OY in 2008 is classified in the category "Other intangible fixed assets". The net values of the FINN-POWER trademark at December 31, 2021 is equal to Euro 1,939 thousand.
The "FINN-POWER" trademark has been defined an asset with finite life, as we consider that its use for business and production purposes will be limited in time to 15 years, and consequently it is subject to the amortisation process.

3. Investments accounted for using the equity method
The value of equity investments accounted for using the equity method refers to the investment in 3D NT held by PRIMA INDUSTRIE SpA (19.9%) equal to Euro 394 thousand, unchanged from 2020.

4. Other Investments
The value of Other Investments as at December 31, 2021 amounted to Euro 6,927 thousand with an increase of Euro 701 thousand compared to December 31, 2020; this increase refers to the positive exchange rate differences of the investment in Lead Laser (held by PRIMA POWER SUZHOU).

Consequently this heading on December 31, 2021 is composed of:
- Lead Laser: Euro 6,787 thousand (investment equal to 19% held by PRIMA POWER SUZHOU);
- Fimecc OY: Euro 50 thousand (investment equal to 2.4% held by FINN-POWER OY);
- Prima Power Sheet Metal Solution: Euro 41 thousand (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- Lamiera Servizi Srl: Euro 11 thousand (investment equal to 19% held by PRIMA INDUSTRIE SpA);
- Other minor investments: Euro 38 thousand.

5. Non-current financial assets
Non-current financial assets as at December 31, 2021 amounted to Euro 4,233 thousand and related to an escrow deposit as a guarantee for a loan granted by Cassa Depositi e Prestiti and Mediocredito Italiano (known as a "Smilla Loan").

6. Deferred tax assets

Deferred tax assets amount to Euro 18,823 thousand, showing an increase compared with the previous financial year of Euro 1,167 thousand.

DEFERRED TAX ASSETS	December 31, 2021	December 31, 2020
Opening balance	**17,656**	**14,671**
Increase	4,759	6,162
Decrease	(3,942)	(2,620)
Differences on exchange rates	350	(557)
Closing balance	**18,823**	**17,656**

Below is the breakdown of Tax assets for deferred taxes at December 31, 2021.

DEFERRED TAX ASSETS	December 31, 2021	December 31, 2020
Provisions for risks and other liabilities	4,997	3,440
Inventories	3,104	3,518
Tax losses carried forward	5,967	5,446
Employee benefits	647	754
Non-current tangible/intangible assets/Leases	1,910	2,661
Trade receivables	255	108
Other	1,943	1,729
TOTAL	**18,823**	**17,656**

Deferred taxes are recorded in the financial statements only if the conditions for their recovery exist. The assessment of the recoverability of prepaid tax assets takes account of expected profitability in future years. Deferred taxes on tax losses carried forward were entered recognised in relation to the likelihood of future taxable income against which they can be recovered. Considering the above, there were no elements that might change the previous assessments on the recoverability of deferred taxes.

7. Inventories

The following table shows the composition of inventories as at December 31, 2021 and December 31, 2020.

INVENTORIES	Dec 31, 2021	Dec 31, 2020
Raw materials	55,964	41,056
Semi-finished goods	29,966	19,545
Finished goods	60,063	69,231
(Inventory provisions)	(11,134)	(11,143)
TOTAL	**134,859**	**118,689**

The net value of inventories as at December 31, 2021 shows an increase equal to Euro 16,170 thousand compared with December 31, 2020, due to high expected volumes in the early part of 2022.

The inventory provisions during 2021 were subject to the following changes.

INVENTORY PROVISIONS	Dec 31, 2021
Value as at December 31, 2020	**(11,143)**
Provisions	(2,203)
Utilizations	2,501
Differences on exchange rates	(289)
Value as at December 31, 2021	**(11,134)**

Appropriations during the period mainly occurred after the sale of assets for which provisions had previously been set aside or because estimated expected losses were updated.

8. Trade receivables

Net trade receivables as at December 31, 2021 amounted to Euro 91,164 thousand, an increase of Euro 13,540 thousand compared to December 31, 2020.

TRADE RECEIVABLES	Dec 31, 2021	Dec 31, 2020
Receivables from customers	94,695	82,389
Bad Debt Reserve	(3,531)	(4,765)
TOTAL	**91,164**	**77,624**

The bad debt reserve during 2021 was subject to the following movements.

BAD DEBT RESERVE	
Value as at December 31, 2020	**(4,765)**
Provisions	(638)
Utilizations	1,674
Reclassification	246
Differences on exchange rates	(48)
Value as at December 31, 2021	**(3,531)**

In accordance with IFRS 9, the Group measures trade receivables using an expected credit loss approach; the Group has adopted the simplified approach so the provision for bad debts reflects expected losses over the life of the loan; in determining the provision, the Group relied on historical experience, external indicators and forward-looking information.

Specific measurements were made on individual credit positions in certain categories of loans subject to particular elements of risk.

Below is a breakdown of trade receivables (inclusive of the bad debt reserve) by due date.

RECEIVABLES BY MATURITY	December 31, 2021
Due to expire	63,047
Expired 0 - 180 days	24,203
Expired 180 - 365 days	2,427
Expired over 1 year	5,018
TOTAL	**94,695**

The high average credit standing of customers and the lack of a significant concentration of receivables reduce credit risk and means the provisions for doubtful accounts are sufficient. Specifically, the recoverability of receivables and any need to write down receivables are the result of a process involving the subjective judgement of the Group. The factors considered mainly concern the creditworthiness of the counterparty, technical components (such as any design changes and/or delays in execution), the amount and the timing of expected future payments and any actions taken or to be taken to recover the receivables.

9. Other receivables

Other current receivables at December 31, 2021 were Euro 6,972 thousand and decreased from December 31, 2020 by Euro 1,760 thousand.

Here is a breakdown of Other Receivables compared with the previous year.

OTHER RECEIVABLES	Dec 31, 2021	Dec 31, 2020
Advances payments to suppliers	2,755	4,283
Prepayments and accrued income	2,249	2,406
Contribution to be received for R&D projects	1,280	1,224
Other receivables	552	671
Advances to employees	136	148
TOTAL	**6,972**	**8,732**

Receivable research and development grants, up by Euro 56 thousand from the previous year, are for projects financed by the European Community, the Ministry of Economic Development and the Regione Piemonte to be paid to the companies PRIMA INDUSTRIE SpA and PRIMA ELECTRO SpA.
Accrued income and prepaid expenses mainly include portions of costs (such as insurance, leasing fees, fees for information system and/or software licences) regarding subsequent financial years for which the financial outlay had already been made at December 31, 2021.

10. Current tax receivables

Current tax receivables amounted to Euro 9,286 thousand, an increase of Euro 4,273 thousand compared to December 31, 2020.

CURRENT TAX RECEIVABLES	Dec 31, 2021	De 31, 2020
Direct tax advances	4,183	2,178
VAT receivables	2,826	2,003
Other receivables for minor tax assets	1,463	98
Tax credit for R&D	753	683
Withholding taxes	61	51
TOTAL	**9,286**	**5,013**

11. Financial indebtedness

As at December 31, 2021, the Group's financial indebtedness was Euro -72,654 thousand, down by Euro 27,853 thousand from December 31, 2020 (negative by Euro 100,507 thousand).
For a better understanding of the variation in indebtedness during 2021, reference is made to the consolidated cash flow statement of the period.
As required by ESMA Document 32-382-1138 of March 4, 2021 and as indicated in CONSOB note 5/21 of April 29, 2021, the table below shows financial indebtedness as at December 31, 2021 and December 31, 2020.

	FINANCIAL INDEBTEDNESS	Dec 31, 2021	Dec 31, 2020	Variations
A	CASH	67,267	62,999	4,268
B	CASH EQUIVALENTS	-	-	-
C	OTHER CURRENT FINANCIAL ASSETS	372	423	(51)
D	**LIQUIDITY (A+B+C)**	**67,639**	**63,422**	**4,217**
E	CURRENT FINANCIAL DEBT	11,481	11,951	(470)
F	CURRENT PORTION OF NON-CURRENT FINANCIAL DEBT	34,412	46,241	(11,829)
G	**CURRENT FINANCIAL INDEBTEDNESS (E+F)**	**45,893**	**58,192**	**(12,299)**
H	**NET CURRENT FINANCIAL INDEBTEDNESS (G-D)**	**(21,746)**	**(5,230)**	**(16,516)**
I	NON-CURRENT FINANCIAL DEBT	69,504	80,887	(11,383)
J	DEBT INSTRUMENTS	24,896	24,850	46
K	NON-CURRENT TRADE AND OTHER PAYABLES	-	-	-
L	**NON-CURRENT FINANCIAL INDEBTEDNESS (I+J+K)**	**94,400**	**105,737**	**(11,337)**
M	**TOTAL FINANCIAL INDEBTEDNESS (H+L)**	**72,654**	**100,507**	**(27,853)**

Reconciliation with the Group's net indebtedness shown in the Report on Operations is as follows:

	Dec 31, 2021	Dec 31, 2020
Financial Indebtedness required by doc. ESMA 32-382-1138	72,654	100,507
Term deposit Smilla	(4,233)	(4,233)
Net financial debt	**68,421**	**96,274**

Cash and cash equivalents

Cash and cash equivalents amount to Euro 67,267 thousand and consist of:

- bank deposits for Euro 67,234 thousand and
- cash for Euro 33 thousand.

For more details on cash and cash equivalents, see the Consolidated Cash Flow Statement.

Non-current financial assets

Other current financial assets amount to Euro 372 thousand and include:

- a deposit of Euro 366 thousand held by PRIMA POWER SUZHOU;
- receivables from the company Lamiera Servizi of Euro 6 thousand, a subsidiary of PRIMA INDUSTRIE SpA for 19%;

Debt instruments

Debt to bondholders amounted to Euro 25,734 thousand, including interest accrued but not yet paid for Euro 734 thousand. The net debt shown in the balance sheet amounted to Euro 25,584 thousand, as the accessory charges incurred at the time the bonds were issued were partially reduced.
Long term debt beyond 12 months amounts to Euro 24,896 thousand.

Financial debt

Below are the main bank loans included in the financial indebtedness granted to PRIMA INDUSTRIE SpA.

As at December 31, 2021, the MPS loan amounted to a total of Euro 5,100 thousand, the net debt in the financial statements totals Euro 5,093 thousand and includes matured interest and accessory charges incurred at the time the loan was issued.
The MPS loan is for Euro 3,698 thousand expiring beyond 12 months.

As at December 31, 2021, the BPM loan amounted to a total of Euro 9,167 thousand, the net debt in the financial statements totals Euro 9,146 thousand and includes matured interest and accessory charges incurred at the time the loan was issued.
The BPM loan is for Euro 3,496 thousand expiring beyond 12 months.

As at December 31, 2021, the UNICREDIT loan amounted to a total of Euro 5,555 thousand, the net debt in the financial statements totals Euro 5,547 thousand and includes matured interest and accessory charges incurred at the time the loan was issued.

The INTESA loan as at December 31, 2021 amounted to Euro 6,679 thousand, including interest accrued but not yet paid of Euro 12 thousand. The net payable recognised in the balance sheet is Euro 6,670 thousand and includes accessory charges incurred at the time the loan was issued.
The INTESA loan is for Euro 3,331 thousand expiring beyond 12 months.

The BNL loan as at December 31, 2021 amounted to Euro 9,781 thousand, including interest accrued but not yet paid of Euro 3 thousand. The net payable shown in the balance sheet is Euro 9,724 thousand and includes accessory charges incurred at the time the loan was issued.
The BNL loan is for Euro 7,300 thousand falling due after 12 months.
It should be noted that in December 2021 the BNL loan signed in 2018 by the parent company PRIMA INDUSTRIE SpA was subject to a renegotiation. The original maturity scheduled for June 19, 2023 has been extended to December 19, 2025 and the margin applied has been changed from 155 to 160 percentage points per year.

From an accounting point of view, pursuant to IFRS 9, this renegotiation entailed carrying out a qualitative and quantitative analysis of the new financial liability with respect to the one prior to the renegotiation, to assess whether the change is substantial or non-substantial. As a result of the checks carried out, it was concluded that the change in the terms of the financial liability was not of a substantial nature. The renegotiation had a very modest positive impact attributable to the prevalence of the temporal extension of the liability compared to the slight increase in the spread applied to the loan.

Covenants exist on the Intesa, Unicredit, BPM, MPS and BNL loans, with measurements on an annual and half-yearly basis; the covenants measured on the consolidated financial statements as at December 31, 2021 were met.

Non-current financial payables also include other bank loans for Euro 2,259 thousand entered into by PRIMA ELECTRO SpA and a derivative financial instrument (IRS - Interest Rate Swap) whose fair value amounts to Euro 140 thousand.

Current financial indebtedness includes the short-term portion of the BNL loans for Euro 2,424 thousand, MPS loans for Euro 1,395 thousand, BPM loans for Euro 5,650 thousand, UNICREDIT loans for Euro 5,547 thousand and the INTESA loans for Euro 3,339 thousand, in addition to credit lines and bank overdrafts for Euro 14,078 thousand, other bank loans for Euro 2,082 thousand, as well as financial instruments hedging currency risk (currency rate swaps), equal to Euro 45 thousand and the current portion of debt payable to bond holders for Euro 688 thousand.

Financial indebtedness also includes other financial payables totalling Euro 59,926 thousand (of which Euro 10,645 thousand current), that refer to:
- debts for financial leases amounting to Euro 42,832 thousand (of which current debts for Euro 6,006 thousand);
- a CDP loan for Euro 10,938 thousand (of which the current portion for Euro 3,125 thousand);
- other financial payables for Euro 5,886 thousand (of which current debts for Euro 1,343 thousand); these payables refer mainly to subsidised ministerial loans;
- government incentives granted to PRIMA POWER CENTRAL EUROPE for Euro 270 thousand to cope with the COVID-19 emergency (of which Euro 171 was current).

Financial indicators (covenants)

The BNL, Intesa, Unicredit, BPM, MPS and CDP loan agreements and the Bond require compliance with certain economic and financial ratios (covenants) for their entire period of duration and with variable values in the different measurement periods.

The tables below show the covenants currently in place for December 31, 2021 and the following measurement periods.

BNL. INTESA. UNICREDIT. BPM. MPS

EBITDA/Consolidated Net Financial costs ratio not less than:	4.25 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated EBITDA ratio not more than (*):	3.00 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated Shareholders's Equity rario not higher than (**):	1.50 for the duration of the loan, to be calculated at June 30 and at December 31 of each year

BOND

EBITDA/Consolidated Net Financial costs ratio not less than:	3.50 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated EBITDA ratio not more than:	4.00 for the duration of the loan, to be calculated at June 30 and at December 31 of each year
Net Financial Indebtedness/Consolidated Shareholders's Equity rario not higher than:	1.50 for the duration of the loan, to be calculated at June 30 and at December 31 of each year

CDP

EBITDA/Consolidated Net Financial costs ratio not less than:	3.5 for the duration of the loan, to be calculated at December 31 of each year
Net Financial Indebtedness/Consolidated EBITDA ratio not more than:	3.0 for the duration of the loan, to be calculated at December 31 of each year
Net Financial Indebtedness/Consolidated Shareholders's Equity rario not higher than:	1.5 for the duration of the loan, to be calculated at December 31 of each year

(*) for MPS's loan the parameter is < 3.50
(**) covenant applicable only to BPM and MPS loans (for MPS this parameter is <2.0)

The covenants measured on the consolidated financial statements as at December 31, 2021 were met.

Cash flow hedging instruments and accounting for related transactions

PRIMA INDUSTRIE Group uses financial instruments to hedge foreign exchange fluctuations, with reference to USD, RMB and GBP transactions.

IFRS 9 classifies, derivatives, which the Group uses only as hedging instruments and not for speculative investment, as assets/liabilities to be measured at fair value.

When defining risk management strategies and objectives, transactions require the following characteristics to qualify as a hedging relationship:

- the existence of an economic relationship between the hedged item and the hedging instrument such that the related changes in value would be offset, without this being affected by the counterparty credit risk;
- a hedging relationship that coincides with the entity's risk management objectives, which should be rebalanced where necessary. Any changes to the entity's risk management objectives, or any lapse in the conditions for qualification as hedge transactions, or any rebalancing operations will lead to partial or total discontinuation of the hedge.

At December 31, 2021 the Group held some derivative instruments for a total net negative amount of Euro 185 thousand, of which non-current liabilites of Euro 140 thousand and current liabilities of Euro 45 thousand.

Derivatives non current liabilities

TYPE	COMPANY	COUNTERPARTY	EXPIRY DATE	REFERENCE NOTIONAL	MTM Dec 31, 2021
IRS - Hedge accounting	Prima Industrie SpA	BPM	31/12/22	7,000 €	47 €
IRS - Hedge accounting	Prima Industrie SpA	Unicredit	19/12/22	5,555 €	31 €
IRS - Hedge accounting	Prima Industrie SpA	Intesa Sanpaolo	31/03/23	5,000 €	39 €
IRS - Hedge accounting	Prima Industrie SpA	BNL	19/12/25	9,778 €	23 €
				TOTALE	**140 €**

Derivatives current liabilities

TYPE	COMPANY	COUNTERPARTY	EXPIRY DATE	REFERENCE NOTIONAL	MTM Dec 31, 2021
CRS - Non hedge accounting	Prima Industrie SpA	MPS	21/03/22	$3,000	45 €
				TOTAL	**45 €**

IFRS 7 requires the classification of financial instruments at fair value to be determined on the basis of the quality of the input sources used in their valuation.

The IFRS 7 classification has the following hierarchy:

- Level 1: fair value determined according to unadjusted prices in active markets for identical assets or liabilities;
- Level 2: fair value determined according to inputs other than quoted market prices included within Level 1 but which are either directly or indirectly observable. This category includes the instruments the Group uses to hedge risks arising from interest rate and exchange rate fluctuations;
- Level 3: fair value determined according to valuation models whose inputs are not based on observable inputs ("unobservable inputs"). There are no financial instruments measured as such.

As required by the amendment to IAS 7, the following table shows the changes in liabilities arising from loan activities, whether arising from changes in cash flows or changes not in cash.

			Variations not in cash			
Values in Euro thousand	**Dec 31, 2020**	**Variations from cash flow**	**Issues**	**Exchange rate effect**	**Fair value**	**Dec 31, 2021**
Financial debts	102,238	(30,548)	-	2	-	71,692
Bond issued	25,540	44	-	-	-	25,584
Leasing	35,732	(6,604)	13,122	582	-	42,832
Derivatives	419	-	-	-	(234)	185
TOTAL	**163,929**	**(37,108)**	**13,122**	**584**	**(234)**	**140,293**

Breakdown of financial payables by expiration and interest rate

The following table lists the breakdown of financial payables to banks and other lenders (and, for the purposes of providing a framework for the data exposed in the financial statements, includes payables for leases, factoring and payables to banks for derivatives) by expiration and interest rate.

Current financial payables

CURRENT FINANCIAL DEBT	EFFECTIVE INTEREST RATE	EXPIRY	Dec 31, 2021
Bond	3,5%	28/02/25	688
CDP Loan	Euribor 6m + spread 1,2%	30/06/25	3,125
Smilla	0,50%	31/12/25	1,027
Smilla	Euribor 6m + 3,5%	31/12/25	33
MISE	0,448%	26/11/23	176
UBI	0,50%	03/06/26	107
Government incentives	N/A	N/A	171
Leasing	N/A	N/A	6,006
Bank overdrafts	N/A	Sight	54
Bank interests	N/A	N/A	49
Derivative - CRS	N/A	N/A	45
TOTAL			**11,481**

CURRENT PORTION OF NON-CURRENT FINANCIAL DEBT	EFFECTIVE INTEREST RATE	EXPIRY	Dec 31, 2021
Intesa revolving	Euribor 6m + 1,45%	31/03/23	5,991
BPM	Euribor 6m + 1,80%	30/06/23	5,650
Unicredit	Euribor 6m + 1,85%	31/12/22	5,547
BNL revolving	Euribor 3m + 1,45%	20/01/22	2,000
BNL revolving	Euribor 3m + 1,45%	17/01/22	3,000
Intesa	Euribor 6m + 1,25%	30/09/23	3,339
Unicredit revolving	Euribor 6m + 1,85%	31/12/22	2,988
BNL	Euribor 6m + 1,60%	19/12/25	2,424
MPS	Euribor 6m + 1,45%	30/06/23	1,404
Banco BPM	Euribor 3m + 1,55%	29/09/23	1,327
BCC-CCB	Euribor 3m + 1,35%	24/11/23	742
TOTAL			**34,412**

Non-current financial payables

NON-CURRENT FINANCIAL DEBT	EFFECTIVE INTEREST RATE	EXPIRY	Dec 31, 2021
CDP Loan	Euribor 6m + spread 1,2%	30/06/25	7,813
BNL	Euribor 6m + 1,60%	19/12/25	7,300
MPS	Euribor 6m + 1,45%	30/06/23	3,698
BPM	Euribor 6m + 1,80%	30/06/23	3,496
Intesa	Euribor 6m + 1,25%	30/09/23	3,329
BCC-CCB	Euribor 3m + 1,35%	24/11/23	1,252
Banco BPM	Euribor 3m + 1,55%	29/09/23	1,007
Smilla	0,5%	31/12/25	3,117
Smilla	Euribor 6m + 3,5%	31/12/25	814
UBI	0,50%	03/06/26	435
MISE	0,448%	26/11/23	178
Government incentives	N/A	N/A	99
Leasing	N/A	N/A	36,826
Derivative - IRS	N/A	N/A	140
TOTAL			**69,504**

DEBT INSTRUMENTS	EFFECTIVE INTEREST RATE	EXPIRY	Dec 31, 2021
Bond	3,5%	28/02/25	24,896
TOTAL			24,896

The following table shows the temporal distribution of payments of financial payables.

Values expressed in Euro thousand	2022	2023	2024	2025 onwards	TOTAL
CURRENT FINANCIAL DEBT (*)	11,436	-	-	-	11,436
CURRENT PORTION OF NON-CURRENT FINANCIAL DEBT	34,412	-	-	-	34,412
NON-CURRENT FINANCIAL DEBT (*)	-	25,634	12,405	31,325	69,364
DEBT INSTRUMENTS	-	(47)	(49)	24,992	24,896
TOTAL	**45,848**	**25,587**	**12,356**	**56,317**	**140.108**

(*) excluding the fair value of derivatives

12. Non-current assets held for sale

As at December 31, 2021, the value of non-current assets held for sale was Euro 4,775 thousand and referred to:

- an equity investment held by PRIMA ELECTRO SPA for Euro 4,000 thousand in the company OSAIcnc;
- to a portion of the industrial plant located in Collegno in the province of Turin of the parent company PRIMA INDUSTRIE SpA for Euo 775 thousand, written down by Euro 266 thousand during the year to align the value with the realisable price. This property was sold in February 2022.

The remaining change of Euro 214 thousand refers to the sale of the last real estate unit located in the Mantua area.

13. Net equity

SHARE CAPITAL

The Share Capital amounts to Euro 26,208 thousand (divided into 10,483,274 ordinary shares with a par value of 2.50 Euro each).

LEGAL RESERVE

The item amounts to Euro 5,242 thousand and has increased compared to 2020 due to the allocation of the profit for the previous year.

OTHER RESERVES

The item Other Reserves has a value of Euro 68,161 thousand and is made up as follows:

- Share premium reserve: equal to Euro 57,507 thousand.
- Reserve for the purchase of treasury shares: equal to negative Euro 3,042 thousand.
- Stock grant reserve: equal to Euro 223 thousand.
- Share capital increase expenses: negative for Euro 1,286 thousand and represents the costs incurred for the share capital increases.
- Reserve for fair value adjustment of derivatives: negative for Euro 98 thousand and consists of the portion directly entered directly as net assets, net of taxes, of the market value of derivative contracts hedging exchange rate fluctuation.
- Other reserves: equal to Euro 14,857 thousand.

CURRENCY TRANSLATION RESERVE

The currency translation reserve has a positive value of Euro 4,274 thousand and has increased over the previous financial year by Euro 5,499 thousand.

RETAINED EARNINGS

This amount, which is positive for Euro 60,623 thousand and includes the results of previous years of consolidated companies as well as the change in the area of consolidation and the capital losses/gains generated as a result of the acquisition or transfer of treasury shares and the effect of actuarial profits/losses net of taxes on severance indemnities for employees. In addition, the amounts relative to differences in accounting methods on the date of IAS/IFRS transition are also included; these refer to adjustments on balances within financial statements drafted in accordance with Italian accounting principles.

PROFIT FOR THE YEAR

This item includes the profit for the year, totalling Euro 7,798 thousand (Euro 7,201 thousand as at December 31, 2020) attributable to the majority shareholders of the parent company.

MINORITY SHAREHOLDERS EQUITY

This item is positive for Euro 3,412 thousand (on December 31, 2020 it was Euro 2,844 thousand) and increased by Euro 568 thousand compared to the previous financial year. Changes in net equity attributable to minority shareholders relate to the result for the period and the currency translation reserve.

COMPREHENSIVE INCOME

The overall result for the period is positive at Euro 14,107 thousand and includes:

- Profit for the period of Euro 8,025 thousand;
- Currency translation reserve: positive for Euro 5,840 thousand (of which Euro 5,499 thousand refer to the majority shareholders and Euro 341 thousand to minority shareholders);
- Reserve for fair value adjustment of derivatives: positive for Euro 207 thousand (net of a tax effect equal to -Euro 49 thousand);
- Effect of actuarial gains/losses on employee severance indemnities in accordance with the application of IAS 19 revised: positive for Euro 35 thousand (net of a tax effect equal to -Euro 19 thousand).

CONNECTION BETWEEN RESULT AND SHAREHOLDERS' EQUITY OF THE PARENT COMPANY AND THE SAME VALUES FOR THE GROUP

Pursuant to the CONSOB Communication of July 28, 2006, the following table illustrates the connection between the result for 2021 and the Group's shareholders' equity at December 31, 2021 with the same values of the parent company PRIMA INDUSTRIE SpA.

RECONCILIATION BETWEEN NET RESULT AND SHAREHOLDERS' EQUITY OF THE PARENT COMPANY AND RELATED GROUP VALUES	SHAREHOLDERS' EQUITY AS AT DEC 31, 2021	NET RESULT AS AT DEC 31, 2021	SHAREHOLDERS' EQUITY AS AT DEC 31, 2020	NET RESULT AS AT DEC 31, 2020
PRIMA INDUSTRIE S.p.A. Separate Financial Statements	**94,258**	**(3,623)**	**98,558**	**2,340**
Accounting for shareholders' equity and income from subsidiaries	252,152	12,780	234,793	1,639
Accounting Goodwill including share allocated on Trade Mark and Customer List	10,267	(1,908)	12,207	(1,878)
Elimination of values of shareholdings accounted for using the line-by-line method	(183,843)	-	(184,082)	-
Elimination of infragroup income included in stock and fixed assets	(7,499)	1,865	(9,076)	(883)
Elimination of depreciation/revaluation of consolidated shareholdings	8,660	2,451	8,544	1,836
Elimination of dividends paid between subsidiaries	-	(3,662)	-	(11,126)
Net result of investments accounted for using the equity method	(24)	-	(24)	-
Tax effect on consolidation adjustments	1,526	117	1,328	695
Other consolidate entries	221	5	216	(37)
PRIMA INDUSTRIE Group Financial Statements	**175,718**	**8,025**	**162,464**	**(7,414)**

14. Employee benefits

The item Employees benefits liabilities is equal to Euro 6,728 thousand as at December 31, 2021, a decrease compared with December 31, 2020 of Euro 376 thousand.

The table below compares the items in question.

EMPLOYEE BENEFITS	Dec 31, 2021	Dec 31, 2020
Severance indemnity fund	3,950	4,283
Fidelity premium and other pension funds	2,778	2,821
TOTAL	**6,728**	**7,104**

The table below shows a Severance Indemnity change.

SEVERANCE INDEMNITY FUND	2021	2020
Opening balance	**4,283**	**4,282**
Severance indemnity paid out during the period	(397)	(153)
Actuarial gains/losses	55	128
Financial expenses	9	26
Closing balance	**3,950**	**4,283**

The main actuarial hypotheses used to estimate the final liabilities deriving from employee benefits are as follows.

Actuarial hypotheses	Dec 31, 2021	Dec 31, 2020
Annual discount rate	0.44%	-0.02% - 0.34%
Annual inflation rate	1.20%	1.00%
Annual Severance fund increase rate	2.25% - 2.70%	2.25% - 2,5%

The following demographic hypotheses have been used for Severance Indemnity only:

- probability of death as defined by the Italian State Treasury RG48;
- the probability of disability, divided by gender, adopted in the INPS model for all the projections to 2010;
- retirement age, the first retirement requisite of Compulsory General Insurance;

- probability of leaving for causes other than death, with different frequency depending on the company;
- for the probability of advances an annual rate of 3.0% was supposed.

Furthermore, a sensitivity analysis was carried out for severance indemnities alone, which showed an insignificant impact with a change in the following variables:

- Discount rate +0.50%/-0.50%
- Inflation rate +0.25%/-0.25%
- Turnover rate +2.00%/-2.00%.

15. Deferred tax liabilities

Deferred tax liabilities are equal to Euro 4,678 thousand, a decrease of Euro 81 thousand compared with December 31, 2020.

DEFERRED TAX LIABILITIES	December 31, 2021	December 31, 2020
Opening balance	**4,759**	**5,366**
Increase	1,746	1,777
Decrease	(2,030)	(2,108)
Differences on exchange rates	203	(276)
Closing balance	**4,678**	**4,759**

The composition of the deferred tax liabilities on December 31, 2021 and on December 31, 2020 is shown below.

DEFERRED TAX LIABILITIES	December 31, 2021	December 31, 2020
Non-current tangible/intangible assets/Leases	4,098	3,643
Trade receivables/payables and other entries	580	1,116
TOTAL	**4,678**	**4,759**

It should be noted that the deferred tax liabilities on the trademark deriving from the company merger of the FINN-POWER Group amount to Euro 553 thousand.

Deferred tax liabilities were not recorded on undistributed profit reserves of subsidiaries.

16. Provisions for risks and charges

Provisions for risks and charges are equal to Euro 22,506 thousand, an increase compared to December 31, 2020 of Euro 2,757 thousand; the non-current portion refers exclusively to the agent client indemnity provision and amounts in total to Euro 244 thousand.

A summary of the short-term portion is presented below.

CURRENT PROVISIONS	WARRANTY PROVISIONS AND COMPLETION PROJECT	OTHERS PROVISIONS	TOTAL
Value as at December 31, 2019	**20,056**	**588**	**20,644**
Allocations	20,134	178	20,312
Utilizations in the period	(20,549)	(205)	(20,754)
Exchange rate differences	(657)	(34)	(691)
Value as at December 31, 2020	**18,984**	**527**	**19,511**
Allocations	15,584	243	15,827
Utilizations in the period	(13,273)	(355)	(13,628)
Exchange rate differences	563	(11)	552
Value as at December 31, 2021	**21,858**	**404**	**22,262**

Current provisions mainly relate to product warranties (equal to Euro 13,686 thousand) and to the best estimate

of costs still to be incurred for the completion of certain activities ancillary to the sale of machinery already sold (equal to Euro 8,172 thousand). The warranty provision relates to the provisions for technical interventions on the Group's products and is considered appropriate in comparison to the warranty costs which have to be provided for.
The other provisions amounting to Euro 404 thousand refer to legal, fiscal procedures and other disputes; these provisions represent the best estimate by management of the liabilities which must be accounted for with regard to legal, fiscal proceedings occasioned during normal operational activity with regard to dealers, clients, suppliers or public authorities.

17. Trade payables, advance payments and other payables

The value of trade payables increased by Euro 28,849 thousand compared to December 31, 2020.
The item Advance payments increased compared to December 31, 2020 and is equal to Euro 52,450 thousand; it has to be noted that this item contains both the advance payments on orders relating to machines which have not yet been delivered, as well as those generated by the application of the IFRS 15 accounting principle relating to machines already delivered, but not yet accepted by the end client and therefore not recognised as revenue.
The item Other payables increased compared to December 31, 2020 by Euro 4,982 thousand and include social security and welfare payables, payables due to employees, accruals and deferrals and other minor payables.

For greater detail on the subject, see the table below.

TRADE, ADVANCES AND OTHER PAYABLES	December 31, 2021	December 31, 2020
Trade payables	98,239	69,390
Advances	52,450	40,019
Other payables	24,226	19,244
TOTAL	**174,915**	**128,653**

18. Current tax payables

Current tax payables as at December 31, 2021 amounted to Euro 8,712 thousand, an increase of Euro 3,008 thousand compared to December 31, 2020.

The breakdown of tax liabilities is shown below.

CURRENT TAX PAYABLES	Dec 31, 2021	Dec 31, 2020
Payables for income taxes	4,557	1,723
Payables for VAT	2,357	2,695
Payables for withholding tax	1,371	1,183
Other minor payables	427	103
TOTAL	**8,712**	**5,704**

CONSOLIDATED INCOME STATEMENT

As already mentioned previously, the Group presents the income statement by "functional area". In accordance with paragraph 104 of "IAS 1 – Presentation of Financial Statements", it is noted that personnel costs as at December 31, 2021 amounted to Euro 112,535 thousand, an increase compared to the previous year of Euro 16,037 thousand (Euro 96,498 thousand as at December 31, 2020); in this regard, it should be noted that the cost of the previous year was influenced by the use of social safety nets used to deal with the COVID-19 pandemic.
Amortisation, depreciation and write-downs as at December 31, 2021 amounted to Euro 19,285 thousand (Euro 32,442 thousand as at December 31, 2020); it should be remembered that the 2020 financial year included an impairment of Euro 10,486 thousand.

19. Net revenues from sales and services

Revenues from sales and services have been commented on Chapter 5 of this document "Group Report on Operations" in the paragraph "Economic performance".

20. Cost of goods sold

The cost of goods sold includes costs relating to the functional areas involved directly or indirectly in the generation of revenues with the sale of goods or services. Therefore, this item includes the cost of producing or purchasing the products and goods that have been sold; therefore this item includes the production or purchase cost of products and goods sold. Furthermore, it contains write-downs on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors. The cost of goods sold at December 31, 2021 amounted to Euro 319,046 thousand and increased by Euro 54,772 compared to December 31, 2020; the main components are materials (Euro 244,688 thousand), processing and external services (Euro 18,573 thousand).

21. Research and development costs

This item includes non-capitalisable research and development costs, Tech Centre costs and the associated overheads and is disclosed net of grants (both national and European) entered on an accrual basis. Net research and development costs as at December 31, 2021 amounted to Euro 22,603 thousand and decreased by Euro 5,748 thousand compared to the previous year; the impact of public grants is Euro 2,787 thousand.

22. Sales and marketing expenses

This item includes, for allocation, business structure costs such as personnel, trade fairs and events, the demo centre, promotional and advertising activities and related overheads.
Sales and marketing expenses as at December 31, 2021 amounted to Euro 26,732 thousand, compared to Euro 23,288 thousand as at December 31, 2020.

23. General and administrative expenses

This item includes all costs related to Group or Divisional management structures, Finance costs, HR, IT and overheads. General and administration costs came to Euro 25,032 thousand as at December 31, 2021, up from Euro 22,308 thousand as at December 31, 2020.

24. Financial Income and expenses

The financial income and expenses of the year 2021 shows a negative result of Euro 3,935 thousand.

FINANCIAL RESULTS	Dec 31, 2021	Dec 31, 2020
Financial income	8,752	4,601
Financial expenses	(13,964)	(8,723)
Net financial expenses	**(5,212)**	**(4,122)**
Net exchange differences	1,277	(1,185)
Total Financial Results	**(3,935)**	**(5,307)**

Financial income at December 31, 2021 includes earnings of Euro 8,562 thousand from the management of foreign exchange derivatives and financial expenses includes expenses for the management of derivatives for Euro 9,553

thousand.
Financial expenses include Euro 919 thousand related to the Bond and Euro 923 thousand related to the main bank loans.

It should also be noted that net interest of Euro 2,512 thousand was paid in 2021.

25. Current and deferred taxes

Taxes for 2021 showed a net negative balance of Euro 2,199 thousand mainly related to the balance of current and deferred taxation.

TAXES	2021	2020
Current income taxes (including tax consolidation for Italian Companies)	(3,345)	(884)
Deferred tax	998	4,061
Taxes relating to previous year	220	(23)
Other taxes	(72)	(8)
TOTAL	**(2,199)**	**3,146**

It should also be noted that current taxes (including IRAP) amounting to Euro 2,348 thousand were paid in 2021.

The reconciliation of the tax expenses recorded in the consolidated financial statements and the theoretical tax expenses, based on the theoretical tax rates in force in the countries where Group companies operate, is as follows:

Current income taxes	2021	2020
Current tax on theoretical income (excluding regional trade tax IRAP)	(2,463)	(92)
Permanent changes	790	(953)
Temporary changes	(405)	(1,251)
Utilization/Surplus losses	(1,497)	1,872
Other differences	230	(460)
CURRENT INCOME TAXES	**(3,345)**	**(884)**

26. Basic earnings per share

The calculation of the basic earnings per share at December 31, 2021, positive by Euro 0.75 (negative by Euro 0.69 at December 31, 2020) is calculated by dividing the profits attributable to the shareholders of the parent company by the average number of ordinary shares in circulation.

RESULT PER SHARE - BASIC	Dec 31, 2021	Dec 31, 2020
Net Result attributable to Group shareholders (Euro/000)	7,798	(7,201)
Weighted average number of ordinary shares	10,355,177	10,383,274
Result per share (Euro)	0.75	(0.69)

Diluted earnings per share are positive for Euro 0.74.

RESULT PER SHARE - DILUTED	Dec 31, 2021	Dec 31, 2020
Net Result attributable to Group shareholders (Euro/000)	7,798	(7,201)
Weighted average number of ordinary shares	10,355,177	10,383,274
Weighted average number of ordinary shares adjusted	10,514,611	-
Result per share (Euro)	0.74	(0.69)

INFORMATION ON THE TRANSPARENCY OF PUBLIC FUNDS

In accordance with Article 1, paragraphs 125-129 of Italian Law no. 124/2017 as amended by Decree-Law no. 113/2018 on "Security" and Decree-Law no. 135/2018 on "Simplification", we disclose the information regarding subsidies, contributions, paid assignments and any kind of economic advantages granted to the Italian Companies of the PRIMA INDUSTRIE Group in the 2021 financial year by public authorities and a number of similar bodies with which they have economic relations.
The entities identified as sources of the funds that are the subject of the disclosure are:

- The public administrations and the entities referred to in Article 2-bis of Legislative Decree no. 33 of March 14, 2013;
- Companies which are controlled, in law or in fact, directly or indirectly, by public administrations, including companies with shares listed on regulated markets and their subsidiaries;
- Publicly owned companies, including those issuing shares listed on regulated markets and their subsidiaries.

Values expressed in Euro thousand

BENEFICIARY	SUPPLYING AUTHORITY	DESCRIPTION	AMOUNT RECEIVED
Prima Industrie SpA	European Union	R&D subsidy	621
Prima Industrie SpA	Piedmont Region	R&D subsidy	374
Prima Industrie SpA	Ministry of Economic Development	Tax credit for R&D	143
Prima Industrie SpA	Ministry of Economic Development	Tax credit for Sanitization	3
Prima Electro SpA	Piedmont Region	R&D subsidy	320
Prima Electro SpA	European Union	R&D subsidy	206
Prima Electro SpA	Ministry of Economic Development	Tax credit for R&D	87
Total			**1,754**

The information relating to grants, contributions, paid assignments and in any case to the economic benefits of any kind pertaining to the year 2021 of the Italian Companies of the PRIMA INDUSTRIE Group is set out below.

Values expressed in Euro thousand

BENEFICIARY	SUPPLYING AUTHORITY	DESCRIPTION	AMOUNT DUE
Prima Industrie SpA	Ministry of Economic Development	R&D subsidy	1,233
Prima Industrie SpA	Piedmont Region	R&D subsidy	510
Prima Industrie SpA	European Union	R&D subsidy	82
Prima Industrie SpA	Ministry of Economic Development	Tax credit for Capital Goods	8
Prima Industrie SpA	Ministry of Economic Development	Tax credit for Sanitization	3
Prima Electro SpA	European Union	R&D subsidy	544
Prima Electro SpA	Ministry of Economic Development	Tax credit for R&D	295
Prima Electro SpA	Ministry of Economic Development	Tax credit for Capital Goods	50
Prima Electro SpA	Ministry of Economic Development	Tax credit for R&D	6
Prima Electro SpA	Ministry of Economic Development	Tax credit for Sanitization	5
Total			**2,736**

GUARANTEES GRANTED, COMMITMENTS AND OTHER POTENTIAL LIABILITIES

The situation of the guarantees granted and commitments made by the Group at December 31, 2021 is shown below.

Values expressed in Euro thousand	Dec 31, 2021	Dec 31, 2020
Guarantees granted	22,231	23,982
Commitments to leasing companies	1,810	1,928
TOTAL	**24,041**	**25,910**

At December 31, 2021 the guarantees granted by PRIMA INDUSTRIE Group amounted to Euro 22,231 thousand and refer to guarantees to trade counterparties and sureties to credit institutions.
"Commitments to leasing companies" refer to repurchase agreements for sales made through financial intermediaries.
The PRIMA INDUSTRIE Group, in addition to probable liabilities for which provisions have been allocated in the related risks provisions, does not have potential liabilities, as described in IAS 37, to be indicated.

INFORMATION ON RELATED PARTIES

Below is information on related parties with regard to administrative, control and strategic management bodies and in relations with the companies Leeport, 3D-NT and RODSTEIN.
The LEEPORT Group sells industrial machinery worldwide and is considered a related party as chairman and CEO Lee Joseph acquired more than 10% of shares in PRIMA INDUSTRIE SpA.
The companies 3D-NT and RODSTEIN are considered related parties since several people with managerial or partner roles in PRIMA INDUSTRIE SpA are involved in said companies.
The company 3D-NT is a start-up in the field of additive manufacturing, specifically in metal powder bed technology; PRIMA INDUSTRIE SpA holds a stake of 19.9%.
The company RODSTEIN is a Finnish company that develops and manufactures machine tools.

OPERATIONS WITH RELATED PARTIES	Administrative, control boards and strategic management	LEEPORT	3D-NT	RODSTEIN	TOTAL
RECEIVABLES AS AT Jan 01, 2021	-	2,103	17	-	2,120
RECEIVABLES AS AT Dec 31, 2021	**-**	**3,812**	**53**	**-**	**3,865**
PAYABLES AS AT Jan 01, 2021	486	89	648	-	1,223
PAYABLES AS AT Dec 31, 2021	**785**	**144**	**318**	**-**	**1,247**
REVENUES Jan 01, 2021 - Dec 31, 2021	**-**	**7,678**	**67**	**-**	**7,745**
COSTS Jan 01, 2021 - Dec 31, 2021	**1,733**	**-**	**957**	**30**	**2,720**
VARIATIONS IN RECEIVABLES					
Jan 01, 2021 - Dec 31, 2021	-	1,709	36	-	1,745
VARIATIONS IN PAYABLES					
Jan 01, 2021 - Dec 31, 2021	299	55	(330)	-	24

MANAGEMENT OF FINANCIAL RISKS

The Group's financial instruments, aimed at financing the operational activity, include bank loans, the financial leasing contracts and factoring, cash and short-term bank deposits. There are then other financial instruments, such as commercial payables and receivables, deriving from the operational activity.

The PRIMA INDUSTRIE Group is mainly exposed to the following categories of risk:
- Interest rate risk
- Exchange rate risk
- Credit risk
- Liquidity risk

The Group has adopted specific policies with the aim of soundly managing the risks mentioned, in order to safeguard its own activity and capacity to create value for shareholders and for all the Stakeholders.

The Group's objectives and politics for management of the above risks is detailed below.

Interest rate risk
The debit position towards the credit system and capital markets can be negotiated at a fixed or variable rate. Variations of interest rate in the market generate the following categories of risk:
- an increase in market interest rates exposes the company to the risk of greater financial burdens to be paid on the quota of variable interest rate debits;
- a decrease in market interest rates exposes to the risk of excessive financial burdens to be paid on the quota of fixed interest rate debits.

In particular, the strategies adopted by the Group to confront these risks are as follows:
- Interest rate ———————————-> Management/Hedging

Exposure to interest rates is by nature structural, in that the net financial expenses generates net financial burdens subject to the volatility of interest rates, according to the contractual conditions established with the financing counterparty. Consequently, the identified strategy is of Management/Hedging and is confirmed by:
- Continuous Monitoring of the exposure to interest rate risks;
- Hedging activity through derivative financial instruments.

Exchange rate risk
The debit position towards the banking system and the capital market, as well as towards other creditors, can be expressed in one's own account currency (Euro), or in other currencies on account. In this case, the financial burden of the debit in currency is subject to the interest rate risks, not of the European market, but of the market of the chosen currency.
The attitude and strategy to follow concerning risk factors are determined by the plurality of elements which concerned both the characteristics of the reference market and their impact on the company balance sheet results. Indeed, four possible strategic and distinctive areas for the operational management of individual risk factors can be identified:

- "Avoidance" strategy
- Acceptance
- Management/Hedging
- "Market Intelligence" (Speculation)

In particular, the strategies primarily adopted by the Group to confront these risks are as follows:
- Exchange rate ——————————-> Management/Hedging

Exposure to exchange rate risks deriving from financial factors is currently contained, in that the company does not take on financing in currency different from the Europe, with the exception of some financing of the U.S.

subsidiaries, for which the U.S. dollar is the reference currency.

In relation to the commercial transactions, on the other hand, at Group level there exists a certain exposure to exchange rate risk, because the fluctuations of purchase in U.S. dollars of the parent company PRIMA INDUSTRIE SpA, of FINN-POWER OY and of PRIMA ELECTRO SpA are not sufficient to balance the fluctuations of sales carried out in U.S. dollars and because the Group also works with other currencies different from the Euro.

The Group has recently provided itself with guidelines for managing the foreign exchange risk in the major currencies in which it operates (mainly the U.S. dollar and Chinese Renminbi). The goal is to cover the budget results from the exchange risk, through the subscription of hedging derivatives. This hedging is managed by the parent company Prima Industrie SpA.

The Group carries out monitoring to reduce such exchange risks even using covering instruments.

With regard to account currencies different from the U.S. dollar and Chinese Renminbi not hedged by ad hoc derivatives, the risk management strategy is one of acceptance, both because they normally deal with sums of modest value and because of the difficulty of finding suitable covering instruments.

Credit risk

The Group only deals with known and trustworthy clients; furthermore, the amount of credit is monitored during the financial year so that the sum exposed to losses is not significant.

It should be noted that there are no significant concentrations of credit risk within the Group. Financial assets are shown in the balance sheet net of the write-downs calculated on the basis of risk of non-fulfilment by the counterparty, determined in consideration of the information available on the solvency of the client and eventually considering historical data.
In compliance with CONSOB Communication DEM/RM 11070007 of August 5, 2011, we inform you that the PRIMA INDUSTRIE Group holds no bonds issued by central and local governments nor by government bodies, and has granted no loans to these institutions.

Liquidity risk

The liquidity risk represents the risk that financial resources are not sufficient to fund the financial and commercial obligations within the pre-established periods and due dates.
The liquidity risk to which the group is subject may emerge from late payments on its sales and more generally from the difficulty of obtaining financing to support operational activities in the time necessary. Cash flows, financing needs and the liquidity of the Group's companies are monitored or managed centrally under the control of the Group Treasury, with the aims of guaranteeing effective and efficient management of financial resources.
The Group operates with the aim of carrying out collection operations on the various financial markets with varied techniques, with the aim of guaranteeing a correct level of liquidity both current and future. The strategic aim is to ensure that at any moment the group has sufficient credit lines to service financial due dates over the following twelve months.
The current difficult market environment whether operational or financial requires particular attention to the management of liquidity risks and, in this sense, particular attention is given to those actions aimed at generating financial resources through operational management and the maintenance of an adequate level of available liquidity.

Therefore, the group has arranged to address the requirements emerging from financial payable due dates and from the investments, through the fluctuations caused by operational management, available liquidity, use of credit lines, the renewing of bank loans and eventual recourse to other forms of provision of a non-ordinary nature.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The table below summarises Group non-recurring items that have had a negative impact on the Income Statement in 2021 for a total of Euro 2,566 thousand.

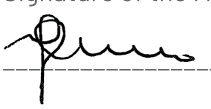
SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS (values expressed in Euro thousand)	Gross Margin	Research and Development costs	Sales and marketing expenses	General and administrative expenses	Total as at Dec 31, 2021	Total as at Dec 31, 2020	Variation between 2021 and 2020
COVID-19	(518)	(1)	(5)	(2)	(526)	(951)	425
COVID-19 - Government subsidy	486	242	65	85	878	1,511	(633)
Reorganization/Restructuring	(966)	(80)	(270)	(452)	(1,768)	(1,695)	(73)
Disputes tax/legal and customer penalties	(327)	-	-	(496)	(823)	(2,091)	1,268
Impairment PRIMA ELECTRO Division	-	-	-	-	-	(8,513)	8,513
Impairment of intangible fixed assets	-	-	-	(61)	(61)	-	(61)
Impairment of tangible fixed assets	(266)	-	-	-	(266)	-	(266)
EBIT	**(1,591)**	**161**	**(210)**	**(926)**	**(2,566)**	**(11,739)**	**9,173**
Write-down Caretek investment	-	-	-	-	-	(49)	49
Härmämedi OY gain	-	-	-	-	-	54	(54)
EBT	**(1,591)**	**161**	**(210)**	**(926)**	**(2,566)**	**(11,734)**	**9,168**

The item COVID-19 concerns expenses incurred by the Group mainly for the purchase of safety equipment, sanitation of environments and costs incurred for the cancellation of both trips (both international and domestic) of its employees and commercial events.
Government incentives amounting to Euro 878 thousand refer to government subsidies that some Group companies received to cope with the COVID-19 emergency; the main ones were granted to the company PRIMA POWER LASERDYNE for Euro 801 thousand and to PRIMA POWER CENTRAL EUROPE for Euro 43 thousand.
Non-recurring costs include reorganisation and restructuring costs of certain Group companies, including PRIMA INDUSTRIE SpA, FINN-POWER OY, PRIMA ELECTRO SpA and PRIMA POWER GmbH; these costs also include the relocation costs of the factory of the company PRIMA INDUSTRIE SpA.

TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Bulletin of July 28, 2006, we wish to specify that in 2021, the Group conducted no atypical and/or unusual business, as per its definition in the Bulletin itself, which states that atypical and/or unusual business are those transactions which, given their importance/relevance, nature of the counterparties, transaction scope, method in determining the price of transfer and time frame (close to closing date), could lead to doubts on: the accuracy/completeness of the information in the financial statements, conflicts of interest, protection of company wealth and protection of minority shareholders: the correctness/completeness of the information in the financial statements, the conflict of interests, the safeguarding of company assets, the protection of minority shareholders.

Signature of the Managing Director



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FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 DECLARATION

PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

1. The undersigned, Gianfranco Carbonato (Executive Chairman) and Marco Pintauro (Manager responsible for drafting company accounting documents), of PRIMA INDUSTRIE SpA, certify that, having taken account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative No. 58 of February 24, 1998:
   - the company's business is compliant with the given requirements and
   - the administrative and accounting procedures have been effectively applied in drafting the consolidated financial statements over the course of 2021.
2. No significant facts have emerged in this regard
3. We also certify that:

   3.1 the consolidated financial statements:

   a) are drafted in conformity with the applicable international accounting standards commonly used in the European Community, pursuant to (CE) Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002;

   b) truthfully represent the figures in the accounting books and ledgers;

   c) are suitable to provide a truthful and faithful representation of the capital, economic and financial position of the Corporation and of the group of companies included in the consolidation.

   3.2 the Report on Operations includes a reliable analysis of company business trends and results, as well as of the position of the Corporation and of the group of companies included in the consolidation, along with the description of the chief risks and uncertainties to which they are exposed.

Date: March 14, 2022

Signature of the Executive Chairman

Signature of the Manager responsible for drafting company accounting documents

Chapter 9

PRIMA INDUSTRIE S.P.A. FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

CHAPTER9

CHAPTER 9. PRIMA INDUSTRIE S.P.A. FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

STATEMENT OF FINANCIAL POSITION

Values in thousand euro	Notes	December 31, 2021	December 31, 2020
Property, plant and equipment	1	37,632	27,078
Intangible assets	2	5,774	7,574
Investment in subsidiaries	3	179,074	179,421
Investments in associates	4	418	418
Other investments	5	60	60
Financial assets non current	6	2,728	2,728
Deferred tax assets	7	9,345	7,285
NON CURRENT ASSETS		**235,031**	**224,564**
Inventories	8	45,411	34,665
Trade receivables	9	68,238	61,993
Other receivables	10	3,489	3,238
Current tax receivables	11	2,037	1,411
Derivatives	12	-	365
Financial assets current	6	2,306	2,765
Cash and cash equivalents	13	10,075	11,196
CURRENT ASSETS		**131,556**	**115,633**
Assets held for sale	14	775	1,255
TOTAL ASSETS		**367,362**	**341,452**
Capital stock	15	26,208	26,208
Legal reserve	15	5,242	5,213
Other reserves	15	68,129	66,495
Retained earnings	15	(1,698)	(1,698)
Net result	15	(3,623)	2,340
STOCKHOLDERS' EQUITY		**94,258**	**98,558**
Interest-bearing loans and borrowings	16	79,028	91,435
Employee benefit liabilities	17	4,538	4,668
Deferred tax liabilities	18	1,380	1,266
Provisions	19	8,904	8,782
Derivatives	12	140	419
NON CURRENT LIABILITIES		**93,990**	**106,570**
Trade payables	20	78,989	58,351
Advance payments	20	13,986	6,071
Other payables	20	8,611	6,922
Interest-bearing loans and borrowings	16	67,425	57,207
Current tax payables	21	3,048	1,915
Provisions	19	7,010	5,858
Derivatives	12	45	-
CURRENT LIABILITIES		**179,114**	**136,324**
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**367,362**	**341,452**

INCOME STATEMENT

Values in thousand euro	Notes	December 31, 2021	December 31, 2020(*)
Net revenues	22	182,735	134,836
Cost of goods sold	23	(161,811)	(119,802)
GROSS MARGIN		**20,924**	**15,034**
Research and Development costs	24	(8,198)	(6,062)
Sales and marketing expenses	25	(8,196)	(6,407)
General and administrative expenses	26	(9,182)	(7,690)
OPERATING PROFIT (EBIT)		**(4,652)**	**(5,125)**
Financial income	27	8,802	4,636
Financial expenses	27	(12,804)	(7,412)
Dividends and adjustments on investments value	27	3,558	8,748
Net exchange differences	27	150	311
RESULT BEFORE TAXES (EBT)		**(4,946)**	**1,158**
Taxes	28	1,323	1,182
NET RESULT		**(3,623)**	**2,340**

(*) For a better comprehension, the 2020 figures have been re-exposed.

COMPREHENSIVE INCOME STATEMENT

Values in thousand euro	Notes	December 31, 2021	December 31, 2020
NET RESULT (A)		**(3,623)**	**2,340**
Gains/ (Losses) on actuarial defined benefit plans	*15*	(51)	(98)
Tax effect	*15*	12	24
Total other comprehensive gains/(losses) not to be classified in the Income Statement, net of tax effects (B)		**(39)**	**(74)**
Gains /(Losses) on cash flow hedges	*15*	256	177
Tax effect	*15*	(49)	(43)
Gains/(Losses) on exchange differences on translating foreign operations for Branch Office Korea	*15*	8	22
Total other comprehensive gains/(losses) to be classified in the Income Statement, net of tax effects (C)		**215**	**156**
TOTAL COMPREHENSIVE INCOME (A) + (B) +(C)		**(3,447)**	**2,422**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Values in thousand euro	Capital stock	Additional paid-in capital	Treasury stock
Balance as at Dec 31, 2019	**26,208**	**57,507**	**(1,966)**
Allocation of prior year net result	-	-	-
Stock grant plan	-	-	-
Result of comprehensive Income	-	-	-
Balance as at Dec 31, 2020	**26,208**	**57,507**	**(1,966)**
Allocation of prior year net result	-	-	-
Treasury stock	-	-	(1,076)
Stock grant plan	-	-	-
Result of comprehensive Income	-	-	-
Balance as at Dec 31, 2021	**26,208**	**57,507**	**(3,042)**

Legal reserve	Capital increase - expenses	Stock option reserve	FV derivates adjustment reserve	Other reserves	Retained earnings	Net result	EQUITY
5,213	**(1,286)**	**13**	**(439)**	**14,761**	**(1,698)**	**(2,164)**	**96,149**
-	-	-	-	(2,164)	-	2,164	-
-	-	(13)	-	-	-	-	(13)
-	-	-	134	(52)	-	2,340	2,422
5,213	**(1,286)**	**-**	**(305)**	**12,545**	**(1,698)**	**2,340**	**98,558**
29	-	-	-	2,311	-	(2,340)	-
-	-	-	-	-	-	-	(1,076)
-	-	223	-	-	-	-	223
-	-	-	207	(31)	-	(3,623)	(3,447)
5,242	**(1,286)**	**223**	**(98)**	**14,825**	**(1,698)**	**(3,623)**	**94,258**

CASH FLOW STATEMENT

Values in thousand euro	December 31, 2021	December 31, 2020(*)
Net result	**(3,623)**	**2,340**
Adjustments (sub-total)	**19,125**	**7,423**
Depreciation, write-off and adjustments on investments value	5,992	8,563
Stcok grants reserve	223	(13)
Net change in deferred tax assets and liabilities	(1,946)	(2,015)
Change in employee benefits liabilities	(169)	41
Change in inventories	(10,746)	3,205
Change in trade receivables	(6,245)	8,385
Change in trade payables and advances	28,553	(11,903)
Net change in other receivables/payables and other assets/liabilities	3,116	1,160
Variations in investments in associates	347	-
Cash Flows from (used in) operating activities (A)	**15,502**	**9,763**
Cash flow from investments		
Increase of tangible fixed assets (**)	(1,715)	(1,809)
Increase of intangible fixed assets	(366)	(218)
Capitalization of development costs	(628)	(1,335)
Net disposal of fixed assets (***)	214	155
Cash Flows from (used in) investing activities (B)	**(2,495)**	**(3,207)**
Cash flow from financing activities		
Change in financial receivables and other financial assets	460	1,022
Change in other non current financial liabilities and other minor items	1,328	(772)
Increases in loans and borrowings (Including Credit lines)	20,274	22,026
Repayment of loans and borrowings (Including Credit lines)	(32,921)	(25,849)
Repayments in financial lease liabilities	(2,193)	(1,967)
Treasury stock reserve	(1,076)	-
Cash Flows from (used in) financing activities (C)	**(14,128)**	**(5,540)**
Net change in cash and equivalents (D=A+B+C)	**(1,121)**	**1,016**
Cash and equivalents beginning of period (E)	**11,196**	**10,180**
Cash and equivalents end of period (G=D+E+F)	**10,075**	**11,196**

Additional Information to the Statement of Cash-Flow	December 31, 2021	December 31, 2020(*)
Taxes paid	-	-
Interests paid	2,072	2,201

(*) For a better comprehension, the 2020 figures have been re-exposed
(**) Not included leases (***) Included assets held for sale.

STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

Values in thousand euro	Notes	December 31, 2021	of which related parties	December 31, 2020	of which related parties
Property, plant and equipment	1	37,632	-	27,078	-
Intangible assets	2	5,774	-	7,574	-
Investment in subsidiaries	3	179,074	179,074	179,421	179,421
Investments in associates	4	418	418	418	418
Other investments	5	60	-	60	-
Financial assets non current	6	2,728	-	2,728	-
Deferred tax assets	7	9,345	-	7,285	-
NON CURRENT ASSETS		**235,031**		**224,564**	
Inventories	8	45,411	-	34,665	-
Trade receivables	9	68,238	37,995	61,993	37,249
Other receivables	10	3,489	44	3,238	-
Current tax receivables	11	2,037	-	1,411	-
Derivatives	12	-	-	365	-
Financial assets current	6	2,306	2,300	2,765	2,759
Cash and cash equivalents	13	10,075	-	11,196	-
CURRENT ASSETS		**131,556**		**115,633**	
Assets held for sale	14	775	-	1,255	-
TOTAL ASSETS		**367,362**		**341,452**	
Capital stock	15	26,208	-	26,208	-
Legal reserve	15	5,242	-	5,213	-
Other reserves	15	68,129	-	66,495	-
Retained earnings	15	(1,698)	-	(1,698)	-
Net result	15	(3,623)	-	2,340	-
STOCKHOLDERS' EQUITY		**94,258**		**98,558**	
Interest-bearing loans and borrowings	16	79,028	4,485	91,435	9,185
Employee benefit liabilities	17	4,538	-	4,668	-
Deferred tax liabilities	18	1,380	-	1,266	-
Provisions	19	8,904	-	8,782	-
Derivatives	12	140	-	419	-
NON CURRENT LIABILITIES		**93,990**		**106,570**	
Trade payables	20	78,989	31,371	58,351	25,123
Advance payments	20	13,986	61	6,071	-
Other payables	20	8,611	762	6,922	490
Interest-bearing loans and borrowings	16	67,425	28,628	57,207	8,574
Current tax payables	21	3,048	-	1,915	-
Provisions	19	7,010	-	5,858	-
Derivatives	12	45	-	-	-
CURRENT LIABILITIES		**179,114**		**136,324**	
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**367,362**		**341,452**	

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

Values in thousand euro	Notes	December 31, 2021	of which related parties	December 31, 2020 (*)	of which related parties
Net revenues	22	182,735	77,529	134,836	65,101
Cost of goods sold	23	(161,811)	(46,574)	(119,802)	(31,347)
GROSS MARGIN		**20,924**	-	**15,034**	-
Research and Development costs	24	(8,198)	(189)	(6,062)	(238)
Sales and marketing expenses	25	(8,196)	792	(6,407)	682
General and administrative expenses	26	(9,182)	449	(7,690)	692
OPERATING PROFIT (EBIT)		**(4,652)**		**(5,125)**	
of which: non recurring items		***(2,181)***		***(1,395)***	
Financial income	27	8,802	185	4,636	245
Financial expenses	27	(12,804)	(315)	(7,412)	(368)
Dividends and adjustments on investments value	27	3,558	3,558	8,748	8,748
Net exchange differences	27	150	-	311	-
RESULT BEFORE TAXES (EBT)		**(4,946)**		**1,158**	-
of which: non recurring items		***(2,284)***		***(3,425)***	
Taxes	28	1,323	-	1,182	-
NET RESULT		**(3,623)**		**2,340**	

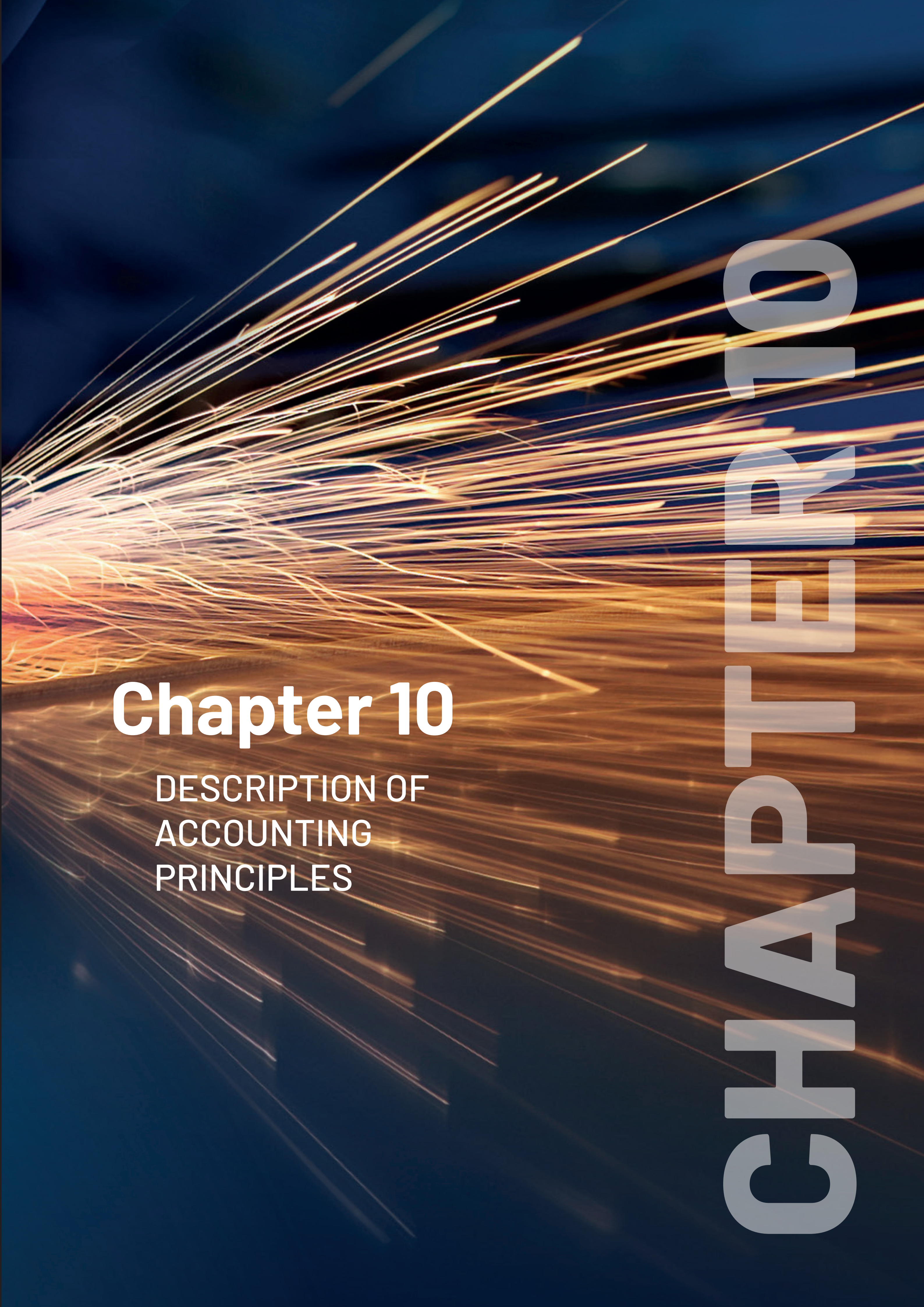
(*) For a better comprehension, the 2020 figures have been re-exposed.

CONSOLIDATED CASH FLOW STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

Values in thousand euro	December 31, 2021	of which related parties	December 31, 2020(*)	of which related parties
Net result	**(3,623)**	-	**2,340**	-
Adjustments (sub-total)	**19,125**	**-**	**7,423**	**-**
Depreciation, write-off and adjustments on investments value	5,992	*103*	8,563	*2,030*
Stcok grants reserve	223	-	(13)	-
Net change in deferred tax assets and liabilities	(1,946)	-	(2,015)	-
Change in employee benefits liabilities	(169)	-	41	-
Change in inventories	(10,746)	-	3,205	-
Change in trade receivables	(6,245)	*(746)*	8,385	*8,108*
Change in trade payables and advances	28,553	*6,309*	(11,903)	*(3,457)*
Net change in other receivables/payables and other assets/liabilities	3,116	*228*	1,160	*(105)*
Variations in investments in associates	347	*347*	-	-
Cash Flows from (used in) operating activities (A)	**15,502**		**9,763**	
Cash flow from investments				
Increase of tangible fixed assets (**)	(1,715)	-	(1,809)	-
Increase of intangible fixed assets	(366)	-	(218)	-
Capitalization of development costs	(628)	-	(1,335)	-
Net disposal of fixed assets (***)	214	-	155	-
Cash Flows from (used in) investing activities (B)	**(2,495)**		**(3,207)**	
Cash flow from financing activities				
Change in financial receivables and other financial assets	460	459	1,022	*1,025*
Change in other non current financial liabilities and other minor items	1,328	-	(772)	-
Increases in loans and borrowings (Including Credit lines)	20,274	*19,410*	22,026	*368*
Repayment of loans and borrowings (Including Credit lines)	(32,921)	*(5,038)*	(25,849)	*(7,725)*
Repayments in financial lease liabilities	(2,193)	-	(1,967)	-
Treasury stock reserve	(1,076)	-	-	-
Cash Flows from (used in) financing activities (C)	**(14,128)**		**(5,540)**	
Net change in cash and equivalents (D=A+B+C)	**(1,121)**		**1,016**	
Cash and equivalents beginning of period (E)	**11,196**		**10,180**	
Cash and equivalents end of period (G=D+E+F)	**10,075**		**11,196**	

Additional Information to the Statement of Cash-Flow	Dec 31, 2021	Dec. 31, 2020(*)
Taxes paid	-	-
Interests paid	2,072	2,201

(*) For a better comprehension, the 2020 figures have been re-exposed
(**) Not included leases (***) Included assets held for sale.



Chapter 10

DESCRIPTION OF ACCOUNTING PRINCIPLES

CHAPTER 10

CHAPTER 10. DESCRIPTION OF ACCOUNTING PRINCIPLES

COMPANY INFORMATION

Prima Industrie SpA (the "Company") is incorporated under Italian law and is the parent company which holds, directly or indirectly through other companies, shares in the capital of the PRIMA INDUSTRIE Group. The Company is headquartered in Collegno (TO), Italy.

The scope of Prima Industrie SpA includes the design, manufacture and marketing of devices, instruments, machines and mechanical, electrical and electronic equipment and related programming (software) for industrial automation or in other areas where the company's technology may be usefully employed.

The company can also provide industrial services of a technical, managerial and organisational nature in the production of capital goods and industrial automation.
Its main activity is focused in the field of laser cutting and welding machines for two-dimensional (2D) and three-dimensional applications (3D), panel and bending machines. Since the 2018 financial year, the company has developed, produced and sold additive manufacturing solutions with Powder Bed Fusion and Laser Metal Deposition technologies.

PRIMA INDUSTRIE SpA, as the parent company, has also prepared the consolidated financial statements of the PRIMA INDUSTRIE Group as at December 31, 2021.

As set out in the articles of association, the term of PRIMA INDUSTRIE SpA is December 31, 2050.

VALUATION CRITERIA

The 2021 financial statements represent the separate financial statements of the parent company Prima Industrie SpA and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The IFRS also includes all valid International Accounting Standards ("IAS") and all interpretations of the International Financing Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

In compliance with European Regulation no. 1606 of July 19, 2002, starting from 2005, the PRIMA INDUSTRIE Group has adopted the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") in the preparation of the consolidated financial statements. Depending on the national legislation implementing that Regulation, the financial statements of the parent company Prima Industrie SpA have been prepared in accordance with these standards since 2006.

The disclosures required by IFRS 1, First Time Adoption of IFRS, regarding the effects following the transition to IFRS, was included in a specific Chapter to the Financial Statements at December 31, 2006, to which reference is made.

The financial statements are prepared in accordance to the historical cost principle, except for financial assets measured at fair value, as well as on a going concern basis. In fact, the Company has assessed that there are no significant uncertainties (as defined by paragraph 25 of IAS 1) on the going concern.
On this issue, it is also appropriate to refer to the specific comment included in the consolidated financial statements in Chapter 7 "DESCRIPTION OF ACCOUNTING PRINCIPLES" in the section "Accounting principles applied".
The preparation of the financial statements in accordance with IFRS inevitably requires the use of accounting estimates and opinions expressed by the Directors of the company. Aspects of the financial statements that require the application of more complex estimates and greater recourse to the judgements of the Directors is provided below.
These Financial Statements have been audited by PricewaterhouseCoopers S.p.A.

FINANCIAL STATEMENTS

The Company presents the income statement according to functional area otherwise referred to as “Cost of goods sold”, rather than by expenditure type, since the form chosen conforms to internal reporting and business management procedures and is in line with international practice within the sector in which the Company operates.

“Cost of goods sold” includes costs relating to the functional areas that participated directly or indirectly to the generation of revenues with the sale of goods and services. Therefore this item includes the production or purchase cost of products and goods sold. Furthermore, it contains write-downs on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors.

With reference to the assets and liabilities of the balance sheet, a form of presentation has been adopted that distinguishes them between current and non-current, as permitted by IAS 1. Moreover, adequate information on the maturities of the liabilities is provided in the relative notes.

The Company has opted to use the formats described hereinafter in drafting its Financial Statements:

a) for the Statement of Financial position, the format used distinguishes the assets and liabilities between “current” (i.e. receivable or payable in 12 months) and “non-current” (i.e. receivable or payable over 12 months);
b) as regards the Income Statement, the scheme was adopted which provides for the breakdown of costs by function; the Statement of Comprehensive Income includes, in addition to the profit for the period, as per the Income Statement, the other movements in Variations to Net Equity other than those with shareholders;
c) for the Variations to the Net Equity, the format used reconciles the opening and closing of every entry in both the current year and the previous one;
d) for the Cash-flow statement, the so-called “indirect” method was chosen, whereby the net cash flows of company business is determined by adjusting the profit and loss, because of the effects of:
    - non-monetary elements such as amortisation, depreciation and write-downs;
    - variations of inventory, receivables and payables generated by company business;
    - other elements whose financial flows are generated by investments and financing.

Please note, furthermore, that with reference to CONSOB Resolution no. 15519 of July 27, 2006 concerning the format of financial statements, specific supplementary schemes have been added for the Income Statement and for the Consolidated Statement of Financial Position, which particularly stress those relations with associates and non-recurrent transactions that are most significant, in order to make the financial statements more readily comprehensible.

CONVERSION OF FOREIGN CURRENCY

The financial statements have been drawn up in EUR, the functional and presentation currency. All values are rounded to the nearest euro. Transactions in currencies other than the euro are initially recognised at the exchange rate in effect on the date of the transaction. The assets and liabilities in currencies other than the Euro are converted into Euro using the exchange rates applicable at the reporting date. All exchange differences are recognised in the Income Statement, provided that the accounting standards allow the revaluation in equity.

PROPERTY, PLANT AND EQUIPMENT

All classes of property, plant and equipment, including investment properties, are stated at historical cost, less accumulated depreciation and impairment losses, except for land, recorded at historical cost less impairment, where applicable. Cost includes all expenses directly attributable to the acquisition.

Costs incurred after the acquisition of the asset are accounted for as an increase of their historical value or booked separately only if it is probable that they will generate future economic benefits and the costs can be measured reliably.

Depreciation of property, plant and equipment is calculated using the straight-line method, in order to distribute the residual book value of its estimated economic life as follows:

- Buildings and incremental works: 33 years

- Plant and machinery: 5 - 10 years
- Equipment: 4 - 5 years
- Furniture and office equipment: 5 - 9 years
- Electronic office equipment: 5 years
- Motor vehicles: 3 - 5 years

Extraordinary maintenance capitalised as an increase of an existing asset is depreciated over the remaining useful life of the asset or, if lower, during the period until the next maintenance.

The residual value and the useful life of property, plant and equipment are reviewed and adjusted, if appropriate, at the reporting date.
The book value of property, plant and equipment is written down to its recoverable value immediately, whenever the former exceeds the latter.

Gains and losses on disposal of property, plant and equipment are recognised in the Income Statement and are determined by comparing the book value with the sale price.

Leases that bestow exclusive use of an identified or identifiable asset, providing the substantive right to all the financial benefits deriving from its use for a defined period of time in exchange for a fee, in accordance with IFRS 16.

These leases are recognised in the balance sheet as "right-of-use" assets and as a liability measured at the present value of the lease payments. The "right of use" is depreciated on a straight-line basis over the term of the lease, or the relevant financial-technical useful life, if shorter.

At the commencement date of the lease, defined as the date on which the lessor makes the underlying asset available to the lessee, the cost value of the "right-of-use" asset comprises:
- the amount of the initial valuation of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred by the lessee;
- any costs, estimated and discounted, to be incurred at the time of vacating facilities, offset against a specific provision in the liabilities where there are obligations to dismantle, remove assets and restore sites.

The amount of the initial measurement of the lease liability includes the following components:
- fixed payments;
- variable payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The following lease asset categories qualify for this method of recognition:
- buildings;
- vehicles;
- office equipment.

The company avails itself of the option provided for in IFRS 16 – Leases to recognise as a cost, on an accrual basis, leases that are i) short term (i.e. less than 12 months), ii) for low-value underlying assets (i.e. less than Euro 5,000 when new).

The lease liability is recognised at the commencement date of the lease and is equal to the present value of the lease payments.

The present value of the lease payments is measured using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

After the effective date, the lease liability is measured by applying the amortised cost criterion; subsequently this may be restated (i.e. the lease cash flows are revised as a result of the original contractual terms) or revised (i.e. changes in the subject matter or in the consideration not provided for in the original contractual terms) with adjustments to the "right of use".

INTANGIBLE ASSETS

Finite useful life
(a) Software
Software licences are capitalised at the cost incurred to obtain and implement them and amortised over the estimated useful life (3 to 5 years).
Costs associated with the development and maintenance of software are treated as period costs and charged to the Income Statement on an accruals basis.

(b) Research and development costs
Research costs are recognised in the Income Statement in the period in which they are incurred.
Development costs incurred in relation to a specific project are capitalised if the following conditions are met:

- the costs can be measured reliably;
- the technical feasibility of the projects, the forecasted volumes and prices indicate that the costs sustained as part of R&D activities will generate economic benefits in the future;
- there is a reference market for the product generated by the development activity.

Development costs recorded in Income Statements in previous years cannot be capitalised retrospectively even if the requirements are met in the following years.
Development costs with a finite useful life are amortised starting from the date the product is marketed, based on the period in which they are expected to produce economic benefits, in any case not more than 5 years. Development costs that do not meet these characteristics are charged to the Income Statement in the year in which they are incurred.

(c) Other intangible assets
Other intangible assets acquired separately are capitalised at cost, while those acquired through business combinations are capitalised at fair value at the acquisition date.
After initial recognition, intangible fixed assets with a definite useful life are entered at cost, reduced by amortisation and impairment; intangible fixed assets with an indefinite useful life, at cost reduced solely for impairment.

Intangible assets generated internally are not capitalised but are recognised in the Income Statement in the year in which they were incurred.
Intangible assets with a finite useful life are subjected annually to an impairment test and whenever there are reasons that make it appropriate; this analysis can be conducted at the level of a single intangible asset or of a cash-generating unit. The useful life of the other intangible assets is reviewed annually: any changes, where possible, are made with prospective applications.

SHAREHOLDINGS IN SUBSIDIARIES, ASSOCIATES COMPANIES AND JOINT VENTURE

In the financial statements of PRIMA INDUSTRIE SpA, shareholdings in subsidiaries, associates and joint ventures are recorded at cost, including directly attributable incidental expenses, adjusted for impairment losses.
The positive difference, emerging from the purchase agreement, between the cost of acquisition and the current value of shareholders' equity in the subsidiary is hence included in the carrying amount value of the shareholding.
Where there is objective evidence of impairment, the book value of the investment must be compared with its recoverable value, defined as the higher of fair value less costs to sell and value in use, defined as the present value of the future cash flows at the weighted average cost of capital, net of financial debt.
If there is evidence that these shareholdings have undergone a loss in value, this fact is posted as a write-down in the income statement. When the reasons for the write-downs are no longer in place, the value of the investment is reinstated within the limits of the original cost, with the effect entered in the income statement.

If any share attributable to the parent company of the investee's losses exceeds the book value of the investment, the value is reset to zero; the share of further losses is recognised as a provision in the liabilities, only if the parent company is committed to fulfilling legal, contractual or implicit obligations towards the investee company, or in any case to covering its losses.

INVESTMENTS IN OTHER COMPANIES

Investments in which the Company does not exercise control, significant influence or joint control are initially recorded at fair value.
In accordance with IFRS 9, these investments are subsequently valued at fair value with effects on the income statement. This is unless they are irrevocably selected as equity investments valued at fair value with effects recorded in the statement of comprehensive income, in accordance with the option provided for in the same standard.
The choice of valuation method for these investments is made selectively for each investment.

LOSS OF ASSET VALUE ("IMPAIRMENT")

Assets with indefinite useful lives not subject to amortisation are tested for their recoverable value (impairment) annually and whenever there is an indication that the book value may not be recoverable. Assets subject to amortisation are tested for impairment only if there is an indication that their book value may not be recoverable. The amount of the impairment loss is determined as the difference between the asset's book value and its recoverable amount, determined as the higher amount between the sale price net of transaction costs and its use value, that is the current value of estimated cash flows, before tax, applying a discount rate that reflects current market assessments of the time value of money and the specific risk connected to the asset. An impairment loss is recognised if the recoverable amount is less than the book value. When a loss on an asset other than goodwill is reversed or reduced, the book value of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount and cannot exceed the book value that would have been determined if there had been no loss in value. The reversal of an impairment loss is recognised immediately in the Income Statement.

FINANCIAL INSTRUMENTS

Presentation

The financial instruments held by the Company are included in the items described below. Current financial assets include trade receivables and cash and cash equivalents. In particular, the item Cash and cash equivalents include bank deposits. The financial liabilities refer to financial payables, including payables for advances on orders, transfer of receivables, and other financial liabilities (which include the negative fair value of derivative financial instruments), trade payables and other payables.

Valuation

IFRS 9 identifies the following categories of financial assets, the classification of which is the result of an assessment that depends on both of the following aspects: a) the business model adopted in the management of financial assets, and b) the characteristics of the contractual cash flows generated by them:

- Financial assets measured at amortised cost (AC): these activities fall within a business model of the hold to collect type and generate contractual cash flows which have the nature of capital and interest.
- Financial assets measured at fair value through other comprehensive income (FVOCI): these activities fall within a business model of the hold to collect type and generate contractual cash flows which have the nature of capital and interest.
- Financial assets measured at fair value through profit or loss (FVPL): Financial assets measured at fair value through profit or loss (FVPL): this category has a residual nature and includes all financial assets other than those measured at amortised cost and at fair value with changes in fair value entered in the profit and loss account, including minority interests, as well as financial assets that do not pass the SPPI test, including non-hedging derivatives and investments other than those accounted for using the equity method.
- Any minority shareholdings, irrevocably selected as FVOCI financial instruments without recycling at the time of initial recognition. In the context of this option, contrary to what generally happens in the FVOCI category: 1) the gains and losses recognised in OCI are not subsequently transferred to the income statement, although the accumulated profit or loss is transferred to shareholders' equity; 2) equity instruments categorised under FVOCI by virtue of this option are not subject to impairment accounting; 3) dividends are still recognised in

the income statement, unless they clearly represent a recovery of part of the investment cost.

Derivative financial instruments
Consistently with the contents of IFRS 9, hedging instruments can be entered according to hedge accounting methods only when:
- at the beginning of the hedge, there is formal designation and documentation of the hedging relationship;
- it is assumed that the hedge is highly effective;
- effectiveness can be reliably measured and
- the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value in accordance with IFRS 9.
When financial instruments have the characteristics to be accounted for under hedge accounting, the following accounting treatment applies:
- Cash-flow hedge. If a derivative financial instrument is designated as a hedge for the exposure to variability in future cash flows of an asset or liability recognised in the balance sheet or for a highly probable expected transaction and could affect the Income Statement, the effective portion of the gain or loss on the financial instrument is recognised in other comprehensive income/(loss). The derivative gain or loss is removed from other comprehensive income / (loss) and recognised in the Income Statement of the period in which the relative economic effect of the hedged transaction is noted. The gain or loss associated with a hedge (or part of the hedge) that has become ineffective is recognised in the Income Statement immediately. If a hedging instrument or hedge relations is completed but the hedged transaction has not yet been realised, the gains and losses accrued up to the time recorded in other comprehensive income / (loss) are recognised in the Income Statement interrelated with the detection of the economic effects of the hedged transaction. If the hedged transaction is no longer probable, the cumulative gains or losses not yet realised in other comprehensive income / (loss) are recognised immediately in the Income Statement.
- *Fair value hedge.* If a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of an asset or liability that is attributable to a particular risk and could affect the Income Statement, the gain or loss from reviewing the fair value of the hedging instrument are recognised in the Income Statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the item and are recognised in the Income Statement.
- *Hedge of a net Investment.* If a derivative financial instrument is designated as a hedge of a net investment in a foreign operation, the effective portion of the gain or loss on the derivative financial instrument is recognised in other comprehensive income / (loss). The gain or loss is removed from equity and recognised in the Income Statement at the date of disposal of the foreign asset.

Derivative financial instruments that do not meet the requirements for hedge accounting are accounted for at fair value with changes in fair value recognised in the income statement.

FINANCIAL LIABILITIES
Financial liabilities include financial payables, including payables for advances on orders, transfer of receivables, and other financial liabilities, including derivative financial instruments and liabilities in respect of assets acquired under finance leases.
Financial liabilities are classified into the following two categories pursuant to IFRS 9: 1) financial liabilities measured at amortised cost using the effective interest rate (AC) method; 2) financial liabilities measured at fair value through profit or loss (FVPL), in turn classified in the two sub-categories Held for Trading and FVPL at inception. Most of the Group's financial liabilities are in the first category.

FINANCING
Loans are recognised on the basis of the amounts collected, net of the accessory charges to the transaction. After initial recognition, loans are recorded on the basis of amortised cost, calculated by applying the effective interest rate method.
Loans are initially recognised at fair value, net of any incidental charges. Any difference between the proceeds net of any transaction costs and the redemption value is recognised in the Income Statement on an accrual basis at the effective interest rate method.

INVENTORIES

Inventories are stated at the lower amount between cost and net realisable value, the latter is represented by the normal sales value during ordinary activities, less the variable costs of sale.
The cost is determined using the weighted average cost method. The cost of finished goods and semi-finished goods includes the cost of design, raw materials, direct labour, other direct costs and other indirect costs allocated to production activities based on normal production capacity and on the progress. This costing does not include interest expense.
Provision is made for materials, finished goods, spare parts and other supplies considered obsolete or slow moving, taking into account their expected future use and realisable value. The realisable value is the estimated sale price during normal operations, net of all estimated costs for the completion of the asset and sale and distribution costs.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, net of the allowance to take account of their uncollectable accounts.
The receivables are written down according expected losses model provided for in IFRS 9. Specifically, trade receivables are written down using a simplified approach, which estimates the expected loss over their entire life. The estimate is chiefly made by determining the average expected non-collectability, based on historical experience, external indicators and forecasts. Specific measurements are made on individual receivables in certain categories of loans subject to particular elements of risk.

Assignment of receivables

Receivables transferred as a result of factoring transactions are eliminated from the balance sheet assets only if the ownership risks and rewards have been substantially transferred to the concessionaire. Receivables sold with recourse and receivables sold without recourse that do not satisfy the aforementioned requirement remain recorded in the company's financial statements, even though they have been legally transferred; in this case a financial liability of the same amount is recognised in the liabilities against the advance received.

CASH AND CASH EQUIVALENTS

This item includes cash, bank accounts, sight or demand depots and other short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

ASSETS HELD FOR SALE

Non-current assets (or groups of assets) are classified as held for sale only when the sale is highly probable and the asset is available for immediate sale in its present condition. Assets held for sale include non-current assets (or disposal groups) whose book value will be recovered mainly through sale rather than through continuing use. Assets held for sale are valued at the lesser of the net carrying amount and the fair value less costs to sell.

SHARE CAPITAL

Ordinary shares are classified in the Net Equity. Accessory charges directly linked to issued shares or to options are entered in the Net Equity, subtracted from cash payments.
When the Company purchases own shares, the price paid net of all directly attributed accessory charges is subtracted from the Group's Net Equity, until the treasury shares are either cancelled or sold.

EMPLOYEE BENEFITS

On June 16, 2011, the IASB issued an amendment to "IAS 19 - Employee Benefits", which modifies the rules for the recognition of fixed benefits plans and of termination benefits. The main changes concern the recognition in the balance sheet of the deficit or surplus of the plan, the introduction of the net financial burden and the classification of net financial expenses. In particular:

- Recognition of the deficit or surplus of the plan: the amendment eliminates the option to defer actuarial gains and losses with the "corridor method" and it requires the recognition directly in Other comprehensive income (losses) and the recognised in the Income Statement of costs related to past service;
- Net financial expense: the net financial expense is composed of financial costs calculated on the present value of liabilities for fixed benefits plans, financial gains from the valuation of plan's assets and financial income or expenses arising from any limits to the recognition of the surplus of the plan. The net financial

expense is determined using for all of these components the discount rate used for the measurement of the fixed benefits plans at the beginning of the period;
- Classification of net financial expenses: the net financial expenses must be recognised under financial income (expenses) in the Income Statement.

(a) Pension plans
Until December 31, 2006, Severance Pay (TFR) of Italian companies was considered a defined-benefit plan. The legislation applying to the liability was modified by Law of December 27, 2006, no. 296 ("Financial Law 2007") and the subsequent Decrees and Regulations issued in the first months of 2007. In light of those amendments, and with reference in particular to companies with at least 50 employees, Severance Pay is now considered a plan exclusively for the amounts accrued before January 1, 2007 (and not adjusted in the financial statements), whereas for the amounts accrued after that date it is similar to a defined contribution plan.

Defined-benefit plans are pension plans that define the amount of the pension benefit owed to the worker on the date the employment relation is ended; this amount depends on several factors, such as age, years of service and wage.
Defined-contribution plans are pension plans for which the Company pays a fixed amount to a separate entity. The Company is in no way implicitly required by law to pay additional sums, should the activities in service of the plan prove insufficient to pay off benefits owed to employees for their current service and for services provided hitherto. The plans described here were recorded in accordance with the provisions of IAS 19.

(b) Benefits paid to employees who attain a certain seniority status
The Company pays its employees benefits after a set number of years in service (seniority status). The benefits described here were recorded in accordance with the provisions of IAS 19.

(c) Incentives, bonuses and profit-sharing agreements
The Company enters a cost and a debt in view of liabilities that originate for bonuses, employee incentives and profit-sharing agreements, which are calculated with a formula that accounts for profits attributable to shareholders (given their due adjustments). The Company enters a liability under a listed fund only if the event is likely to occur, if contractually due, or in view of a procedural custom that infers an implicit obligation.
In addition, the Company has adopted an equity incentive plan, this plan is valued in accordance with the provisions of IFRS 2 which provides for the recognition of a cost, determined with reference to the fair value of the share at the grant date over the vesting period of the rights with a specific equity reserve as a contra entry.

PROVISIONS FOR LIABILITIES AND CHARGES
Provisions for liabilities and charges are recognised when:
- a legal or implicit obligation arises for the Company as a result of past events;
- an outflow of resources to settle the obligation and the amount thereof is probable;
- its amount of the obligation is reliably determinable.

The restructuring provisions include both estimated liabilities possibly arising from the leave incentives as well as estimated penalties related to the termination of the lease agreements. Provisions are not set aside for liabilities and charges in respect of future operating losses.
Provisions are measured by discounting the best estimates made by the Directors to identify the amount of costs that the Company shall bear to settle the obligation at the closing date of the balance sheet.

REVENUES RECOGNITION
Revenues are shown net of VAT, returns and discounts. Revenues are recognised according to the following rules.

The Company recognises revenues according to IFRS 15 – Revenues from Contracts with Customers, which introduced a reference framework for the recognition and measurement of revenues for the faithful representation of the process of transferring goods and services to customers for an amount that reflects the amount expected in exchange for them. This standard is applied using a model made up of the five following stages:
- Identification of the contract with the customer: occurs when the parties approve the contract, which has commercial substance, and identify their respective rights and obligations. The contract must be legally

binding, must identify the right to receive goods and/or services, the consideration and the payment terms.
- Identification of the performance obligations of the contract, i.e. promises to transfer separate goods and services.
- Determination of the consideration for the transaction (i.e. transaction price): this is the total contracted amount with the counterparty over the duration of the contract.
- Price allocation to the various contractual obligations: in proportion to the respective stand-alone selling prices determined on the basis of the list prices.
- Recognition of revenue subject to fulfilment of performance obligations.

(a) Sale of goods
With reference to the sale of laser systems, sheet metal working machines and components, the Company recognises the revenue when it transfers control of the asset to its customer; this moment generally coincides with the Company obtaining the right to payment and with the transfer of physical possession of the asset, which incorporates the transfer of the significant risks and benefits of ownership. The Company considers a warranty extension beyond normal market conditions as a performance obligation that should be recorded separately.

(b) Provision of services
Revenues from services are recognised based on the progress made in the period in which they are performed.

(c) Royalties
Revenues from royalties are recognised on an accrual basis under the agreed conditions in the underlying contracts.

(d) *Dividends*
Dividends received by investee companies are recognised in the income statement in the year in which the right to receive payment occurs.

TAXES
a) Current: the burden on taxes for the year is determined in accordance with current legislation. Taxes are recognised in the Income Statement. Concerning in particular the two Italian companies PRIMA INDUSTRIE SpA and PRIMA ELECTRO SpA, it should be noted that it is in force the tax bracket of its national consolidated business pursuant to Article 117/129 of the Income Tax Consolidation Act (TUIR).

b) Deferred: Deferred tax liabilities and deferred tax assets are calculated on all temporary differences between the tax value and the book value of assets and liabilities in the financial statements of the Company.

They are calculated using the tax rates and laws that have been enacted at the reporting date, or substantially enacted, and that are expected to be applicable at the time of the reversal of temporary differences that gave rise to the recognition of deferred tax.
The deferred tax assets on tax losses and temporary differences are recognised only if sufficient taxable income to their compensation is probable at the time of the reversal of the temporary differences. Deferred tax assets are reviewed at each financial year-end, and if necessary reduced to the extent that it is no longer probable that sufficient taxable income will become available in the future in order to allow all or part of the asset to be utilised. Deferred taxes related to items recognised directly in equity are also recognised directly in equity.

DISTRIBUTION OF DIVIDENDS
The distribution of dividends to shareholders generates a payable at the time of approval by the Shareholders' Meeting.

GOVERNMENT GRANTS
Government grants are recognised at their fair value only if there is reasonable certainty that the Company has accomplished all the requirements set by the terms of the grants. Revenues from government grants are recognised in the Income Statement based on the costs for which they were granted.

ESTIMATE OF THE FAIR VALUE

The fair value of financial instruments traded in an active market is determined based on market prices at the reporting date. The market price of reference for financial assets held by the Company is the current selling price (purchase price for financial liabilities).

The fair value of financial instruments that are not traded in an active market is determined using various valuation techniques and assumptions based on market conditions existing at the reporting date. For medium and long-term liabilities comparing prices of similar listed financial instruments, for the other categories of financial instruments cash flows are discounted.
The fair value of IRS is determined by discounting the estimated deriving cash flows at the reporting date. For receivables it is assumed that the nominal value net of any adjustments made to take account of their payable approximates their fair value. The fair value of financial liabilities for disclosure purposes is determined by discounting contractual cash flows at an interest rate that approximates the market rate at which the Company borrows.

FINANCIAL RISK FACTORS

Concerning the management of financial risks, please refer to paragraph – Management of Financial Risks – Chapter 8 “Explanatory notes to the Consolidated Financial Statements at December 31, 2021”.

DISCRETIONAL ASSUMPTIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements requires Management to make a number of subjective assumptions and estimates based on past experience.
The application of these estimates and assumptions affects the amounts of assets and liabilities recognised in the balance sheet, as well as expenses and income recognised in the Income Statement. Actual results may differ significantly from the estimates made, in view of the natural uncertainty surrounding the assumptions and conditions on which the estimates are based.
In particular, taking into account the uncertainty that remains in some markets and in the economic and financial context in which the Company operates, it cannot be ruled out that there will be different results next year compared to as estimated, and which therefore might require even significant adjustments that cannot be foreseen or estimated currently, to the book value of the related items. The main items affected by these situations of uncertainty are provisions for doubtful accounts receivable and inventory, non-current assets (tangible and intangible assets), pension liabilities and other post-employment benefits, deferred tax assets.

The following summarises the main evaluation process and key assumptions used in the process that can have a significant effect on the amounts recognised in the financial statements or for which there is a risk that there can be value adjustments to the book value of assets and liabilities in the year following the date of the financial statements.

Recoverable amount of goodwill included in the FINN-POWER OY investment
The recoverable amount of goodwill included in the FINN-POWER OY investment has been evaluated in the context of the impairment test prepared for the PRIMA POWER CGU. The key assumptions used to define the recoverable amount of the CGU, including a sensitivity analysis, are detailed in Note 2 – Intangible Assets – Chapter 8 "Explanatory notes to the Consolidated Financial Statements at December 31, 2021". Similarly, extracting the overall flows of only FINN-POWER OY from those of the CGU, net of its indebtedness, and comparing it with the book value of the shareholding, produced the same positive results.

Development costs
Development costs that meet the requirements for capitalisation are recorded under Intangible Fixed Assets. The average life of research and development projects is estimated at a maximum of 5 years, which is the average period in which the products are estimated to generate cash flows for the Company.

Provision for inventory write-down
In determining the provision for inventory obsolescence, the Company makes a number of estimates regarding future demand for the various types of products and materials in share, on the basis of their production plans and past experience of customer requirements. In the event that these estimates are found to be inappropriate, this will result in an adjustment to the provision for obsolescence with its impact in the Income Statement.

Provisions for doubtful accounts
Provisions for doubtful accounts are determined based on an analysis of the individual debtors and in the light of past experience in terms of debt and relationships with individual customers. In the event that there is an unexpected deterioration in the economic and financial conditions of a major customer, this could result in the need to adjust the bad debt reserve, with the consequent negative effects in terms of economic performance.

VARIATIONS TO ACCOUNTING PRINCIPLES

Accounting principles and interpretations transposed by the European Union and applicable from January 1, 2021

In accordance with the requirements of IAS 8 (Accounting principles, changes in accounting estimates and errors), the IFRS in force at January 1, 2021 are indicated and briefly illustrated below.

On January 13, 2021, the European Commission issued Regulation no. 2021/25 approving the document "*Interest rate Benchmark Reform - Phase 2*", applicable as of January 1, 2021, containing amendments to, inter alia, the following standards: *"IFRS 9 - Financial Instruments", "IFRS 7 - Financial Instruments: Disclosures", "IFRS 16 - Leases".* The amendments introduced provide for a specific accounting treatment that spreads over time the changes in value of financial instruments or leasing contracts due to the replacement of the benchmark index used to determine interest rates, thus avoiding immediate repercussions on the result for the year and interruptions to hedging relationships following the replacement of the benchmark index used to determine interest rates.

On March 31, 2021, the IASB issued the document "*Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021*"; This document was published on August 30, 2021 in the Official Journal of the European Community. The amendment increases by twelve months, from June 30, 2021 to June 30, 2022, the period of application of the practical measure, introduced on May 28, 2020, for the accounting of rental concessions relating to COVID-19. The amendment is effective from April 1, 2021.

The adoption of these amendments and interpretations did not affect the consolidated financial statements at December 31, 2021.

Accounting standards endorsed by the European Union but not yet mandatorily applicable

At the date of this Annual Report, the following standards had been endorsed by the European Union but were not yet mandatory.

On May 14, 2020 the IASB published the following amendments, which are applicable to reporting periods beginning on or after January 1, 2022.

- Amendments to *IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"*, aimed at providing clarifications on how to determine the onerousness of a contract. The amendment clarifies that in estimating whether a contract is onerous, it is necessary to consider all costs directly attributable to the contract, including incremental costs and all other costs that the enterprise cannot avoid as a result of entering into the contract.
- Amendments to *IAS 16 "Property, Plant and Equipment*: *Proceeds before Intended Use"*, aimed at defining that the revenues deriving from the sale of goods produced by an asset, before it is ready for its intended use, are entered in the income statement together with the relative production costs.
- Amendments to IFRS 3 *"Reference to the Conceptual Framework".* The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without making any changes to the provisions of the standard.
- Issue of the document *"Annual Improvements to IFRS Standards 2018-2020 Cycle"*, containing amendments, essentially of a technical and editorial nature, to the following international accounting standards: *"IFRS 1 - First-time Adoption of International Financial Reporting Standards", "IFRS 9 - Financial Instruments, "IAS 41 - Agriculture"* and illustrative examples of "*IFRS 16 - Leases*".

These amendments have now been approved following their publication in the Official Journal of the European Union on July 2, 2021.

The Company will adopt these new principles, amendments and interpretations from their date of application.

The possible impacts on the financial statements resulting from the new standards/interpretations are still being assessed.

Accounting standards and interpretations issued by the IASB and not yet transposed by the European Union
At the date of this Annual Report, the following principles have been issued by the IASB and not yet transposed by the European Union.

On January 23, 2020 the IASB issued the document "*Amendments to IAS 1 Presentation of Financial Statements*: *classification of liabilities as current or non-current"* to clarify the requirements for classifying liabilities as "current" or "non-current". More specifically, the amendments i) specify that the conditions existing at the end of the reporting period are those that should be used to determine whether the right to defer settlement of a liability exists; ii) specify that management's expectations about events after the reporting date are not material; iii) clarify the situations that are considered to be the settlement of a liability. The amendments shall enter into force on January 1, 2023.

On May 18, 2017, the IASB issued the standard '*IFRS 17 - Insurance Contracts*' to replace the current '*IFRS 4 - Insurance Contracts*'. The new standard, effective for annual reporting periods beginning on or after January 1, 2023, addresses the accounting treatment of insurance contracts issued and reinsurance contracts held.

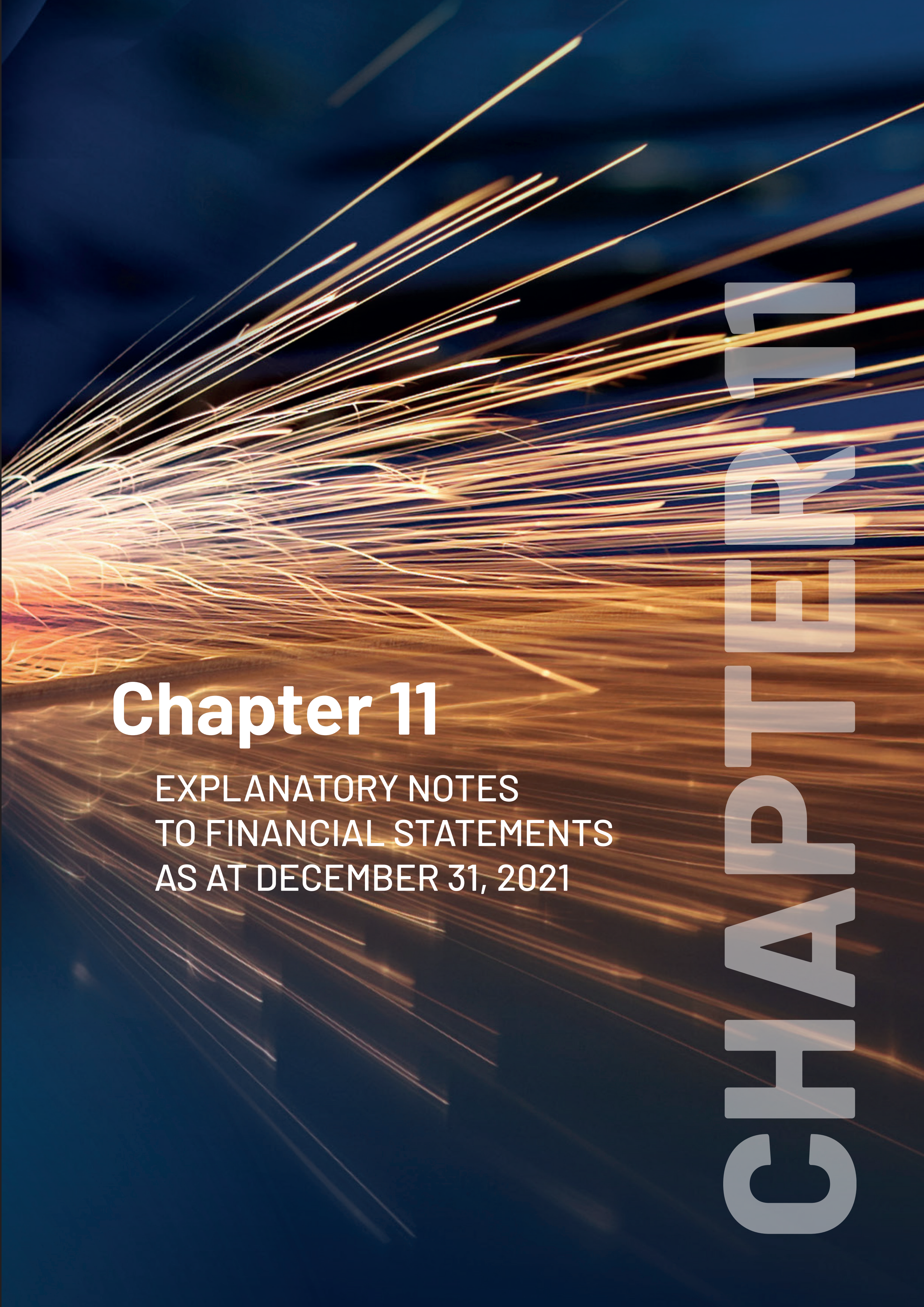
On February 12, 2021, the IASB issued the document *"Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*". The objective of the amendments is to develop guidance and examples to assist companies in applying a judgement of materiality in disclosing accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to disclosures about accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

On February 12, 2021, the IASB issued the document "*Amendments to IAS 8Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*". The amendments provide some clarification on the distinction between changes in accounting estimates and changes in accounting policies: the former are applied prospectively to future transactions and other future events, the latter are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

On May 7, 2021, the IASB issued the document '*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction".* The document addresses the practical application of the exemption provided by paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability upon initial recognition and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences when entered into. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

The Company will adopt these new principles, amendments and interpretations from their date of application.

The possible impacts on the financial statements resulting from the new standards/interpretations are still being assessed.



Chapter 11

EXPLANATORY NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

CHAPTER 11

CHAPTER 11. EXPLANATORY NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

The data shown in the explanatory note are expressed in Euro thousand.

STATEMENT OF FINANCIAL POSITION

1. Property, plant and equipment

Property, plant and equipment as at December 31, 2021, are equal to Euro 37,632 thousand, an increase of Euro 10,554 thousand compared with December 31, 2020.

For more details, refer to the table below.

PROPERTY, PLANT AND EQUIPMENT	Land and Building	Plants and Machinery	Industrial and Commercial equipment	Other tangible fixed assets	Fixed assets under construction	TOTAL
Net value as at December 31, 2019	**24,504**	**1,936**	**1,111**	**2,297**	**493**	**30,341**
Movements 2020						
Increases	593	122	51	1,173	942	2,881
Disinvestments	-	(15)	-	(19)	-	(34)
Utilization of accumulated depreciation	-	15	-	19	-	34
Redetermination contracts	(2,106)	-	-	-	-	(2,106)
Depreciation	(992)	(231)	(579)	(1,195)	-	(2,997)
Reclassifications with Assets held for sale	(1,041)	-	-	-	-	(1,041)
Reclassifications with tangible fixed assets	4	-	147	-	(151)	-
Net value as at December 31, 2020	**20,962**	**1,827**	**730**	**2,275**	**1,284**	**27,078**
Movements 2021						
Increases	10,685	385	309	1,771	249	13,399
Disinvestments	-	(437)	(35)	(26)	-	(498)
Utilization of accumulated depreciation	-	437	35	10	-	482
Depreciation	(871)	(290)	(464)	(1,204)	-	(2,829)
Reclassifications with tangible fixed assets	388	823	84	-	(1,295)	-
Net value as at December 31, 2021	**31,164**	**2,745**	**659**	**2,826**	**238**	**37,632**
Of which Rights of use						
Net value as at December 31, 2020	14,598	43	62	1,761	-	16,464
Increases	9,831	-	-	1,395	-	11,226
Disinvestments	-	-	-	(15)	-	(15)
Depreciation	(605)	(8)	(45)	(1,015)	-	(1,673)
Total Rights of use as at December 31, 2021	**23,824**	**35.00**	**17**	**2,126**	**-**	**26,002**

Land and buildings amounting to Euro 31,164 thousand includes:

- Land for a total value of Euro 5,224 thousand;
- Buildings for a total value of Euro 25,633 thousand; this item includes the new HQTC in Collegno, home to a large Technology Centre and the Group's head offices (Euro 6,622 thousand) and the Advanced Laser Centre, the new research and innovation laboratory for advanced laser systems (Euro 6,050 thousand) and the production plant near Verona (Euro 1,914 thousand). It also includes the property leased to PRIMA POWER UK Ltd (Euro 101 thousand) and rental properties for Euro 126 thousand. The increase in 2021 is mainly due to the

completion of the new production site in Collegno (TO) (for Euro 10,814 thousand);
- Light constructions for Euro 307 thousand.

The item Plant and Machinery stands at Euro 2,745 thousand and increased during the year by Euro 1,208 thousand due to acquisitions in the period and reclassifications among tangible assets and decreased by Euro 290 thousand due to depreciation for the period.

The item Industrial and commercial equipment stands at Euro 659 thousand and increased during the year by Euro 393 thousand (of which Euro 309 thousand from acquisitions in the period and Euro 84 thousand from the effect of reclassifications to other items) and decreased by Euro 464 thousand due to the depreciation for the period.

The Other Assets item amounts to Euro 2,826 thousand and is represented mainly by:
- Vehicles and other transport for Euro 2,132 thousand;
- Electronic office equipment for Euro 363 thousand;
- Furniture and fixtures for Euro 328 thousand;
- Other assets for Euro 3 thousand.

The item Fixed assets in progress relates to some equipment and plants built internally.

All the above values as at December 31, 2021 are net of the related accumulated depreciation, with the exception of land and assets in progress which are not depreciated.

2. Intangible assets

The following table illustrates the composition of intangible fixed assets at December 31, 2021 and at December 31, 2020, and the changes during the year.

INTANGIBLE ASSETS	Software	Development costs	Other intaglible assets	TOTAL
Net value as at December 31, 2019	**1,018**	**8,520**	**19**	**9,557**
Movements 2020				
Increases/(decreases)	164	1,335	54	1,553
Depreciation	(534)	(2,978)	(24)	(3,536)
Net value as at December 31, 2020	**648**	**6,877**	**49**	**7,574**
Movements 2021				
Increases/(decreases)	237	628	129	994
Depreciation	(419)	(2,328)	(47)	(2,794)
Net value as at December 31, 2021	**466**	**5,177**	**131**	**5,774**

The main component of intangible assets is constituted by development costs (net value as at December 31, 2021 equal to Euro 5,177 thousand); during the year 2021 this item increased by Euro 628 thousand due to the effect of the capitalisation of projects and decreased by Euro 2,328 thousand as a result of amortisation for the period.

3. Investments in subsidiaries

The value of equity investments in subsidiaries at December 31, 2021 amounted to Euro 179,074 thousand and decreased by Euro 347 thousand compared to the previous financial year.

INVESTMENT IN SUBSIDIARIES	Net value at Dec 31, 2019	Write-down	Net value at Dec 31, 2020	Liquidation	Net value at Dec 31, 2021
FINN POWER OY	140,177	-	140,177	-	140,177
PRIMA INDUSTRIE NORTH AMERICA Inc.	16,614	-	16,614	-	16,614
PRIMA ELECTRO SpA	10,945	-	10,945	-	10,945
PRIMA POWER IBERICA SL	1,441	-	1,441	-	1,441
PRIMA POWER CHINA Company Ltd	767	(420)	347	(347)	-
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	540	-	540	-	540
OOO PRIMA POWER	123	-	123	-	123
PRIMA POWER CENTRAL EUROPE Spzoo	93	-	93	-	93
PRIMA POWER UK LTD	-	-	-	-	-
PRIMA POWER GmbH	-	-	-	-	-
PRIMA POWER SOUTH AMERICA Ltda	-	-	-	-	-
PRIMA POWER AUSTRALASIA Pty Ltd	-	-	-	-	-
PRIMA POWER SUZHOU CO LTD	9,141	-	9,141	-	9,141
TOTAL	**179,841**	**(420)**	**179,421**	**(347)**	**179,074**

The decrease of Euro 347 thousand relates to the write-down of the equity investment in PRIMA POWER CHINA.

The details of the cost of investments compared with the net equity pro-rata resulting from the economic-financial situation of the companies involved, in compliance with IAS/IFRS principles, is as follows:

INVESTMENT IN SUBSIDIARIES	Net value at Dec 31, 2021	Equity as at Dec 31, 2021	Stake	Equity pro-quota	Difference
FINN POWER OY	140,177	142,006	100%	142,006	1,829
PRIMA INDUSTRIE NORTH AMERICA Inc.	16,614	45,607	100%	45,607	28,993
PRIMA ELECTRO SpA	10,945	31,483	100%	31,483	20.538
PRIMA POWER IBERICA SL	1,441	6,877	22%	1,513	72
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	540	114	100%	114	(426)
OOO PRIMA POWER	123	3,299	100%	3,299	3,176
PRIMA POWER CENTRAL EUROPE Spzoo	93	1,303	100%	1,303	1,210
PRIMA POWER UK LTD	-	1,354	100%	1,354	1,354
PRIMA POWER GmbH	-	(10,278)	100%	(10,278)	(10,278)
PRIMA POWER SOUTH AMERICA Ltda	-	(860)	100%	(860)	(860)
PRIMA POWER AUSTRALASIA Pty Ltd	-	(234)	100%	(234)	(234)
PRIMA POWER SUZHOU CO LTD	9,141	11,372	70%	7,960	(1,181)

The book value of the FINN-POWER OY investment includes the goodwill generated at the time of the initial acquisition, the recoverability of which was assessed in the context of the impairment test carried out on the PRIMA POWER CGU; The key assumptions used to define the recoverable amount of the CGU, including a sensitivity analysis, are detailed in Note 2 – Intangible Assets – Chapter 8 "Explanatory notes to the Consolidated Financial Statements at December 31, 2021". Although the difference between the cost of the investment and the corresponding fraction of the net equity of FINN-POWER OY is positive at the end of the 2021 financial year, the management of Prima Industrie SpA, consistently with what was carried out in the previous financial year, determined the recoverable value of the equity investment by extracting from the total flows of the PRIMA POWER CGU those relating only to FINN-POWER OY, net of its indebtedness. The comparison between the book value and the recoverable value did not lead to the need to make write-downs.

The difference existing between the book value of the equity investment in PRIMA POWER GmbH and the corresponding fraction of its net equity as of December 31, 2021, albeit covered by a fund recorded among liabilities equal to Euro 7,566 thousand (see Note 19), made it necessary to carry out the impairment test on the book value of the investment. The test involved estimating the recoverable value of the investment by discounting the flows deriving from the 2022-2024 plan, net of its indebtedness. The comparison between the cost of the investment and its recoverable value did not make further provisions necessary to the provision for risks and charges. Already in the 2021 financial year, the management of the investee became entirely local and the plan underlying the impairment exercise provides for an improvement in margins with particular reference to the After Sales business, in addition to strengthening the sales network and an organisation leaner and more efficient.

The difference existing between the book value of the investment in PRIMA POWER SUZHOU and the corresponding fraction of its shareholders' equity as at December 31, 2021 was not considered representative of a loss in value of the investment, as a result of the impairment test carried out in the same way. to those described in the previous paragraph.
The company, which is going through a phase of business strategy change, was established with the aim of serving the Chinese mass market by offering products in a medium-low price and performance range. However, already in 2019 the management started a phase of technological renewal that will lead the Chinese company to sell high-tech machines both locally produced and imported by the other companies of the Group and to generate positive results. The EBITDA achieved in 2021, equal to Euro 823 thousand, is an element that testifies to what has just been described.

The differentials existing between the carrying amounts of the equity investments in PRIMA POWER SOUTH AMERICA Ltda and PRIMA POWER AUSTRALASIA Pty Ltd and the corresponding fraction of their shareholders' equity as at December 31, 2021 are reflected in a specific provision recognised under liabilities (see Note 19).

4. Investments in associated companies

The item Investments in associated companies refers to the shareholding in 3D NT of 19.9% by PRIMA INDUSTRIE SpA and is equal to Euro 418 thousand and remained unchanged from the previous year.

5. Other Investments

The following table illustrates the composition of other investments that at December 31, 2021 was equal to Euro 60 thousand and remained unchanged from the previous year.

OTHER INVESTMENTS	Lamiera Servizi	Prima Power Sheet Metal Solution	Other	TOTAL
December 31, 2020	**11**	**40**	**9**	**60**
Increases	-	-	-	-
December 31, 2021	**11**	**40**	**9**	**60**

6. Financial assets

The value of Financial Assets is Euro 5,034 thousand and decreased by Euro 459 thousand from the previous years.

The following table illustrates the changes in Financial assets.

FINANCIAL ASSETS	Loan to Prima Electro SpA	Loan to Prima Power Suzhou Co.Ltd	Loan to Prima Power South America LTDA	Term deposit Smilla	Loan to subsidiaries	TOTAL
December 31, 2020	**-**	**2,240**	**519**	**2,728**	**6**	**5,493**
Issued	1,713	-	-	-	-	1,713
Reimbursements	-	(2,256)	-	-	-	(2,256)
Interests	8	16	7	-	-	31
Differences on exchange rates	53	-	-	-	-	53
December 31, 2021	**1,774**	**-**	**526**	**2,728**	**6**	**5,034**
of which :						
Financial assets non current	**-**	**-**	**-**	**2,728**	**-**	**2,728**
Financial assets current	**1,774**	**-**	**526**	**-**	**6**	**2,306**

7. Deferred tax assets

The following table shows the movements of Deferred tax assets during 2021.
The composition of deferred tax assets is shown below.

DEFERRED TAX ASSETS	Dec 31, 2021	Dec 31, 2020
Opening balance	**7,285**	**5,274**
Increase	2,345	2,448
Decrease	(285)	(437)
Closing balance	**9,345**	**7,285**

DEFERRED TAX ASSETS	Dec 31, 2021	Dec 31, 2020
Provisions for risks and other liabilities	1,867	1,559
Inventories	829	926
Tax losses carried forward	5,804	4,083
Employee benefits	444	469
Other	401	248
TOTAL	**9,345**	**7,285**

The assessment of the recoverability of prepaid tax assets takes account of expected profitability in future years.

8. Inventories

The inventories on December 31, 2021 amount to Euro 45,411 thousand, net of the obsolescence provision decreasing by Euro 10,746 compared to the previous year.

INVENTORIES	December 31, 2021	December 31, 2020
Raw materials	15,563	10,642
(Provision fro Raw materials)	(952)	(697)
Semi-finished goods	11,899	5,088
Finished goods	21,402	22,793
(Provision for Finished goods)	(2,501)	(3,161)
Total	**45,411**	**34,665**

The movements of the inventories provisions that occurred during the year are provided below.

INVENTORIES PROVISIONS	Raw materials	Finished goods
Value as at December 31, 2020	**(697)**	**(3,161)**
Utilizations	-	1,156
Provisions	(255)	(496)
Value as at December 31, 2021	**(952)**	**(2,501)**

9. Trade receivables

Trade receivables at December 31, 2021 amounted to Euro 68,238 thousand and increased by Euro 6,245 thousand compared to the previous year.

TRADE RECEIVABLES	Dec 31, 2021	Dec 31, 2020
Receivables from customers	31,537	26,300
Bad Debt Reserve	(1,294)	(1,556)
Receivables from customers (net)	**30,243**	**24,744**
Receivables from Related Parties	37,995	37,249
Receivables from customers (net)	**68,238**	**61,993**

Trade receivables include receivables in foreign currency which relate to items denominated in US dollars, Chinese renminbi and British pounds and relate mostly to invoices issued to subsidiaries.
Given the open positions at December 31, 2021, adjustments to the exchange rate were entered correctly. Receivables in currencies other than the reference currency are converted into EUR at the effective exchange rate on the date of the financial statements closing. All exchange differences are reflected in the Income Statement.
Movements in the bad debt reserve during the considered period are as follows:

BAD DEBT RESERVE	Amount
Value as at December 31, 2020	**(1,556)**
Utilizations	323
Provisions	(61)
Value as at December 31, 2021	**(1,294)**

The provision reflects the management's more accurate estimate of expected losses by Prima Industrie SpA on its receivables.

Below is a breakdown of trade receivables (inclusive of the bad debt reserve) by due date.

RECEIVABLES BY MATURITY	Dec 31, 2021
Due to expire	43,077
Expired 0 - 180 days	14,675
Expired 180 - 365 days	3,059
Expired over 1 year	8,721
TOTAL	**69,532**

In accordance with IFRS 9, the Company measures trade receivables using an expected credit loss approach; the Company has adopted the simplified approach so the provision for bad debts reflects expected losses over the life of the loan; in determining the provision, the Company relied on historical experience, external indicators and forward-looking information.

Specific measurements were made on individual credit positions in certain categories of loans subject to particular elements of risk.

10. Other receivables

Other Receivables came to Euro 3,489 thousand, an increase of Euro 251 thousand compared to the previous financial year.

The following table shows the composition of the item Other receivables.

OTHER RECEIVABLES	Dec 31, 2021	Dec 31, 2020
Advances payments to suppliers	1,302	1,140
Contribution to be received for R&D projects	1,110	838
Prepayments and accrued income	801	864
Security deposits	186	241
Other receivables	90	155
Total	**3,489**	**3,238**

11. Current tax receivables

Current tax receivables totalled Euro 2,037 thousand at December 31, 2021, compared to Euro 1,411 thousand at December 31, 2020.

Below is a summary table showing the comparison between December 31, 2021 and December 31, 2020.

CURRENT TAX RECEIVABLES	Dec 31, 2021	Dec 31, 2020
VAT Receivables - Italy	894	499
Tax Receivables - R&D	488	440
Tax Receivables - Direct taxes (IRES and IRAP)	484	257
Tax Receivables with subsidiaries	98	98
Tax Receivables - Witholding taxes	61	51
VAT Receivables - Foreign countries	12	35
Other tax receivables	-	31
Total	**2,037**	**1,411**

12. Derivative financial instruments

As at December 31, 2021, PRIMA INDUSTRIE SpA has non-current derivative financial instruments payable in place for an amount of Euro 140 thousand and current derivative financial instruments payable in place for an amount of Euro 45 thousand.

Derivatives non current liabilities

Type	Counterparty	Expiry date	Reference notional	MTM Dec 31, 2021
IRS - Hedge accounting	BPM	31/12/22	7.000 €	47 €
IRS - Hedge accounting	Unicredit	19/12/22	5.555 €	31 €
IRS - Hedge accounting	Intesa Sanpaolo	31/03/23	5.000 €	39 €
IRS - Hedge accounting	BNL	19/12/25	9.778 €	23 €
			TOTAL	**140 €**

Derivatives current liabilities

Type	Counterparty	Expiry date	Reference notional	MTM Dec 31, 2021
CRS - Non hedge accounting	MPS	21/03/22	$3.000	45 €
			TOTAL	**45 €**

For the purposes of the financial statements at December 31, 2021, a valuation of outstanding derivative instruments was carried out. For more information on the derivative financial instruments of Prima Industrie SpA and on their disclosure method, see "Note 11 - Net Financial Position of the consolidated financial statements".

13. Cash and cash equivalents

Cash and cash equivalents at December 31, 2021 totalled Euro 10,075 thousand, against Euro 11,196 thousand at December 31, 2020 and consists of cash (including foreign currency), cheques and letters of credit. For more details on Cash and cash equivalents, see the Financial Report (for the Financial Report, see Chapter 9 – PRIMA INDUSTRIE SpA - Financial Statements at December 31, 2021).

CASH AND CASH EQUIVALENTS	December 31, 2021	December 31, 2020
Cash and checks	8	10
Bank accounts	10.067	11,186
Total	**10,075**	**11,196**

14. Non-current assets held for sale

As of December 31, 2021 the value of non-current assets destined for disposal is equal to Euro 775 thousand and refers to a portion of the industrial plant located in Collegno in the province of Turin. During the year, a write-down of Euro 266 thousand was made to adjust the value to the realisation price; this property was sold in February 2022.

The remaining change of Euro 214 thousand refers to the sale of the last real estate unit located in the Mantua area.

15. Net equity

SHARE CAPITAL

The Share Capital amounts to Euro 26,208 thousand and has remained unchanged compared with December 31, 2020.

LEGAL RESERVE

The item amounts to Euro 5,242 thousand and has increased compared to December 31, 2020 due to the allocation of the profit for the previous year.

OTHER RESERVES

The item "Other Reserves" has a value of Euro 68,129 thousand and is composed of:

- Share premium reserve: equal to Euro 57,507 thousand.
- Reserve for the purchase of treasury shares: equal to negative Euro 3,042 thousand.
- Restricted reserve for unamortised development costs: equal to Euro 5,177 thousand.
- Extraordinary reserve: equal to Euro 10,693 thousand.
- Share capital increase expenses: negative for Euro 1,286 thousand and represents the costs incurred for the share capital increases.
- Actuarial reserve for severance pay: negative for Euro 586 thousand and, in accordance with the revised IAS 19, refers to the effect of actuarial gains/losses on employee severance indemnities net of tax.
- Reserve for stock grant: equal to Euro 223 thousand.
- Reserve for fair value adjustment of derivatives: negative for Euro 98 thousand and consists of the portion directly entered directly as net assets, net of taxes, of the market value of derivative contracts hedging exchange rate fluctuation.
- Reserve surplus from merger by incorporation of the former FINN-POWER ITALIA srl: negative for Euro 459 thousand.

EARNINGS (LOSSES) CARRIED FORWARD

The item is negative by approximately Euro 1,698 thousand. This item includes the differences in accounting methods on the date of transition to IFRS and refer to adjustments on balances within financial statements drafted in accordance with Italian accounting principles.

COMPREHENSIVE INCOME

Net income for the period is negatively affected by the actuarial profit/losses on employee severance indemnities according to the application of the revised IAS 19, which were Euro 39 thousand (net of a tax effect of +Euro 12 thousand). It was positively affected by the allocation to the fair value adjustment reserve of Euro 207 thousand (net of -Euro 49 thousand taxes) and the conversion into EUR of the branch office in South Korea for Euro 8 thousand.

PROFIT (LOSS) FOR THE YEAR

The result for the year was negative for Euro 3,623 thousand.

For further details, see the table of changes in shareholders' equity (for changes in shareholders' equity, see

Chapter 9 - Financial statements of PRIMA INDUSTRIE at December 31, 2021).

16. Financing

The following table is a breakdown of PRIMA INDUSTRIE SpA's loan status on December 31, 2021 (in comparison with December 31, 2020).

BANK BORROWINGS AND OTHER FINANCING	Dec 31, 2021	Dec 31, 2020
Current		
Short-term payable for leasing	1,783	1,602
Short-term payable for bank loans	32,365	43,948
Short-term payable for Bond	688	690
Short-term payable for other financing	3,961	2,393
Short-term payable for other financing from subsidiaries	28,628	8,574
Total Current	**67,425**	**57,207**
Non-current		
Long-term payable for leasing	21,281	11,988
Long-term payable for bank loans	17,823	30,908
Long-term payable for Bond	24,896	24,850
Long-term payable for other financing	10,543	14,504
Long-term payable for loan from subsidiaries	4,485	9,185
Total Non-current	**79,028**	**91,435**
TOTAL	**146,453**	**148,642**

Bonds issued

Debt to bondholders amounted to Euro 25,734 thousand, including interest accrued but not yet paid for Euro 734 thousand. The net debt shown in the balance sheet amounted to Euro 25,584 thousand, as the accessory charges incurred at the time the bonds were issued were partially reduced.
Long term debt beyond 12 months amounts to Euro 24,896 thousand.

Financial debt

Below are the main loans included in the financial indebtedness granted to PRIMA INDUSTRIE SpA.

As at December 31, 2021, the MPS loan amounted to a total of Euro 5,100 thousand, the net debt in the financial statements totals Euro 5,093 thousand and includes matured interest and accessory charges incurred at the time the loan was issued.
The MPS loan is for Euro 3,698 thousand expiring beyond 12 months.

As at December 31, 2021, the BPM loan amounted to a total of Euro 9,167 thousand, the net debt in the financial statements totals Euro 9,146 thousand and includes matured interest and accessory charges incurred at the time the loan was issued.
The BPM loan is for Euro 3,496 thousand expiring beyond 12 months.

As at December 31, 2021, the UNICREDIT loan amounted to a total of Euro 5,555 thousand, the net debt in the financial statements totals Euro 5,547 thousand and includes matured interest and accessory charges incurred at the time the loan was issued.

The INTESA loan as at December 31, 2021 amounted to Euro 6,679 thousand, including interest accrued but not yet paid of Euro 12 thousand. The net payable recognised in the balance sheet is Euro 6,670 thousand and includes accessory charges incurred at the time the loan was issued.
The INTESA loan is for Euro 3,331 thousand expiring beyond 12 months.

The BNL loan as at December 31, 2021 amounted to Euro 9,781 thousand, including interest accrued but not yet paid of Euro 3 thousand. The net payable shown in the balance sheet is Euro 9,724 thousand and includes accessory charges incurred at the time the loan was issued.
The BNL loan is for Euro 7,300 thousand falling due after 12 months.

It should be noted that in December 2021 the BNL loan signed in 2018 by the parent company PRIMA INDUSTRIE SpA was subject to a renegotiation. The original maturity scheduled for June 19, 2023 has been extended to December 19, 2025 and the margin applied has been changed from 155 to 160 percentage points per year.

From an accounting point of view, pursuant to IFRS 9, this renegotiation entailed carrying out a qualitative and quantitative analysis of the new financial liability with respect to the one prior to the renegotiation, to assess whether the change is substantial or non-substantial. As a result of the checks carried out, it was concluded that the change in the terms of the financial liability was not of a substantial nature. The renegotiation had a very modest positive impact attributable to the prevalence of the temporal extension of the liability compared to the slight increase in the spread applied to the loan.

The credit lines amount to a total of Euro 14,000 thousand.

Other current and non-current loans from subsidiaries amount to Euro 33,113 thousand and are made up as follows:

- Euro 20,476 thousand to PRIMA INDUSTRIE NORTH AMERICA–PRIMA POWER NA;
- Euro 4,485 thousand to PRIMA ELECTRO;
- Euro 3,031 thousand to PRIMA POWER CENTRAL EUROPE;
- Euro 3,000 thousand to PRIMA POWER IBERICA;
- Euro 1,775 thousand to FINN-POWER OY;
- Euro 346 thousand to PRIMA POWER SUZHOU.

The other loans also include the loan with Cassa Depositi e Prestiti for Euro 10,938 thousand.

Covenants exist on the Intesa, Unicredit, BPM, MPS, BNL and CDP loans, and on the Bond, with measurements on an annual and half-yearly basis; the covenants measured on the consolidated financial statements as at December 31, 2021 were met.

For further details on the loans of PRIMA INDUSTRIE SpA, see the Report on Operations and the consolidated financial statements in Note 11 - Net financial indebtedness.

The movements in the financial payables of Prima Industrie SpA during 2021 are illustrated below.

BANK BORROWINGS AND OTHER FINANCING - Movements	
Bank borrowings and Other financing current as at Dec 31, 2020	57,207
Bank borrowings and Other financing non current as at Dec 31, 2020	91,435
Bank borrowings and Other financing as at Dec 31, 2020	**148,642**
Increases in loans and borrowings	20,274
Repayment of loans and borrowings	(32,921)
Increase/(Repayments) in lease liabilities	9,474
Differences on exchange rates	984
Bank borrowings and Other financing as at Dec 31, 2021	**146,453**
of which:	
Bank borrowings and Other financing current as at Dec 31, 2021	67,425
Bank borrowings and Other financing non current as at Dec 31, 2021	79,028
Bank borrowings and Other financing as at Dec 31, 2021	**146,453**

Trade payables decreased overall by Euro 2,189 thousand in 2021.

17. Employee benefits

The following table shows the composition of liabilities for employee benefits at December 31, 2021 and at the closing of the previous year.

EMPLOYEE BENEFITS	Dec 31, 2021	Dec 31, 2020
Severance indemnity fund	2,643	2,880
Fidelity premium	1,734	1,668
Employee benefits - branch office South Korea	161	120
TOTAL	**4,538**	**4,668**

The Employees' Severance Indemnity liabilities, provided by the Italian law, is accrued by employees during their working life and paid on termination of their employment. This indemnity is considered a defined benefit plan, subject to actuarial valuation with regard to future benefits and to benefits already paid.

Below the changes of the Employees' Severance Indemnity liability and of the Fidelity Premium are shown during the year 2021 and 2020.

SEVERANCE INDEMNITY FUND	Dec 31, 2021	Dec 31, 2020
Opening balance	**2,880**	**2,858**
Severance indemnity paid out during the period	(297)	(97)
Actuarial gains/losses	51	98
Financial expenses	9	21
Closing balance	**2,643**	**2,880**

FIDELITY PREMIUM	Dec 31, 2021	Dec 31, 2020
Opening balance	**1,668**	**1,605**
Fidelity Premium paid out during the period	(138)	(223)
Provisions/Actuarial Adjustment	199	274
Financial expenses	5	12
Closing balance	**1,734**	**1,668**

The Fidelity Premium refers to the seniority premium for employees of the Company paid at the end of 20, 30 and 35 years of service, corresponding to two gross monthly salaries.

The main hypotheses used to estimate final liabilities from employee benefits are as follows:

Actuarial hypotheses	Dec 31, 2021	Dec 31, 2020
Annual discount rate	0.44%	0.34%
Annual inflation rate	1.20%	1.00%
Annual Severance fund increase rate	2.25%	2.25%

The demographic hypotheses used for actuarial valuation include:

- probability of death as defined by the Italian State Treasury called RG48;
- the probability of disability, divided by gender, adopted in the INPS model for projections to 2010;
- retirement age, the first retirement requisite of Compulsory General Insurance;
- probability of leaving for causes other than death, with annual frequency of 0.50%;
- probability of advances with an annual rate of 3%.

Furthermore, a sensitivity analysis was carried out for severance indemnities alone, which showed an insignificant impact with a change in the following variables:

- Discount rate +0.50%/-0.50%
- Inflation rate +0.25%/-0.25%
- Turnover rate +2.00%/-2.00%.

18. Deferred tax liabilities

The following table shows the movements of deferred tax payables during the years 2021 and 2020.

DEFERRED TAX LIABILITIES	Dec 31, 2021	Dec 31, 2020
Opening balance	**1,266**	**1,270**
Increase	506	351
Decrease	(392)	(355)
Closing balance	**1,380**	**1,266**

The composition of the Deferred tax payables is shown below.

DEFERRED TAX LIABILITIES	Dec 31, 2021	Dec 31, 2020
Non-current tangible/intangible assets/Leases	630	627
Trade receivables/payables and other entries	750	639
Total	**1,380**	**1,266**

19. Provisions for risks and charges

The provisions for liabilities and charges at December 31, 2021 amounted to Euro 15,914 thousand (of which non-current amounted to Euro 8,904 thousand).

The movements of both current and non-current provisions are shown below.

NON CURRENT PROVISIONS	Cust. Agent. Ind. provision	Investment losses provision	TOTAL
Value as at December 31, 2019	**222**	**7,128**	**7,350**
Allocations	22	1,416	1,438
Utilizations in the period	(6)	-	(6)
Value as at December 31, 2020	**238**	**8,544**	**8,782**
Allocations	30	116	146
Utilizations in the period	(24)	-	(24)
Value as at December 31, 2021	**244**	**8,660**	**8,904**

CURRENT PROVISIONS	Taxes provision	Provision on legal claims	Warranty provisions and project's completion	TOTAL
Value as at December 31, 2019	**115**	**15**	**7,198**	**7,328**
Allocations	-	-	3,222	3,222
Utilizations in the period	(84)	-	(4,608)	(4,692)
Value as at December 31, 2020	**31**	**15**	**5,812**	**5,858**
Allocations	-	-	5.072	5,072
Utilizations in the period	(31)	-	(3,889)	(3,920)
Value as at December 31, 2021	**-**	**15**	**6,995**	**7,010**

Agent client indemnity liability

This represents the indemnity payables accrued at year-end towards agents due for interruption of the agency relationship, in accordance with current legislation.

Investment losses provision

This provision refers to the subsidiary PRIMA POWER GmbH for Euro 7,566 thousand, PRIMA POWER SOUTH AMERICA Ltda for Euro 860 thousand and to the company PRIMA POWER AUSTRALASIA Pty Ltd for Euro 234 thousand. For further details on this subject, see Note 3 - Investments in subsidiaries.

Legal disputes provision

This provision refers to the provisions relating to legal disputes that arose during the 2019 financial year.

Guarantee fund and project completion

It relates to the provisions for the completion of projects in progress and technical guarantee interventions on the Company's products and is considered appropriate in relation to the costs that will have to be incurred. Compared to 2020 they increased by a total of Euro 1,183 thousand.

20. Trade payables, Advance Payments and other payables

The breakdown of trade payables, advances and other payables at December 31, 2021 and at the end of the previous year is shown in the table below.

TRADE, ADVANCES AND OTHER PAYABLES	December 31, 2021	December 31, 2020
Trade payables	47,618	33,228
Trade payable owed to related parties	31,371	25,123
Trade payables	**78,989**	**58,351**
Advances from customers	13,925	6,071
Advances from related parties	61	-
Advances from customers	**13,986**	**6,071**
Social security payables	1,841	1,329
Payables with employees	3,865	2,162
Accrued expenses and deferred income	2,094	2,699
Other payables	49	242
Other payable owed to related parties	762	490
Other payables	**8,611**	**6,922**

Trade accounts payable at December 31, 2021 amount to Euro 78,989 thousand of which Euro 47,618 thousand for third-party suppliers and Euro 31,371 thousand for related parties.
Trade payables increased by Euro 20,638 thousand in 2021.

The item Advances from customers amounts to Euro 13,986 thousand; this item is mainly composed of advances received from customers on orders relating to machines not yet delivered.
Social security payables are payables to social security and welfare (especially INPS and other forms of assistance).

Payables to employees refers to salaries not yet paid and compensation matured but not yet paid for leave not taken, for production bonus and incentives matured by managers and sales personnel and for advance payment of travel expenses in account of the company for employees out for work.

The item Accrued liabilities and deferred income decreased by Euro 605 thousand compared to the previous year: this item is mainly made up of deferred income relating to some subsidies for non-repayable grants on research and development projects and to revenues for maintenance contracts pertaining to subsequent years.

21. Current tax payables

This item amounts Euro 3,048 thousand (Euro 1,915 thousand at December 31, 2020) and includes:

CURRENT TAX PAYABLES	Dec 31, 2021	Dec 31, 2020
Payables for withholding income taxes	1,071	899
Tax payables to subsidiaries	1,806	1,016
Payables for IRES and IRAP	163	-
Other tax payables	8	-
TOTAL	**3,048**	**1,915**

INCOME STATEMENT

As already mentioned previously, the Group presents the income statement by "functional area". In accordance with paragraph 104 of "IAS 1 – Presentation of Financial Statements", personnel costs amount to Euro 40,373 thousand, an increase of Euro 8,818 thousand from the previous year (Euro 31,555 thousand at December 31, 2020); it should be remembered that the cost of the previous year was influenced by the use of the redundancy fund used to deal with the COVID-19 pandemic. Amortisation, depreciation and write-downs at December 31, 2021 amounted to Euro 5,889 thousand (Euro 6,533 thousand at December 31, 2020). It should be noted that amortisation of development costs was Euro 2,328 thousand.

22. Net Revenues from sales and services

Net Revenues from sales and services are set out below divided by product/activity and by geographic area.

NET REVENUES	Italy	%	Europe	%	North America	%	Rest of the world	%	Total
Machines	57,608	39.84%	42,208	29.19%	15,771	10.91%	29,019	20.07%	144,606
Spare parts	8,829	31.91%	9,761	35.28%	4,546	16.43%	4,533	16.38%	27,669
Services	8,475	81.02%	1,311	12.53%	252	2.41%	422	4.03%	10,460
Total	**74,912**		**53,280**		**20,569**		**33,974**		**182,735**

23. Cost of goods sold

The cost of goods sold includes costs relating to the functional areas involved directly or indirectly in the generation of revenues with the sale of goods or services. Therefore, this item includes the cost of producing or purchasing the products and goods that have been sold; therefore this item includes the production or purchase cost of products and goods sold. Furthermore, it contains write-downs on inventories, provisions to cover warranty costs on sold goods, transport and insurance costs incurred for deliveries to customers and sales commissions to agents or third-party distributors. The cost of goods sold at December 31, 2021 was Euro 161,811 thousand; the main components are materials (Euro 119,224 thousand), processing and external services (Euro 16,136 thousand).

24. Research and development costs

This item includes non-capitalisable research and development costs, Tech Centre costs and the associated overheads and is disclosed net of grants (both national and European) entered on an accrual basis. Net research and development costs as at December 31, 2021 amounted to Euro 8,198 thousand and increased by Euro 2,136 thousand compared to the previous year; the impact of public grants is Euro 1,825 thousand.

25. Sales and marketing expenses

This item includes, for allocation, business structure costs such as personnel, trade fairs and events, the demo centre, promotional and advertising activities and related overheads.

Sales and marketing expenses in 2021 amounted to Euro 8,196 thousand against Euro 6,407 thousand in 2020.

26. General and administrative expenses

This item includes all costs related to Group or Divisional management structures, Finance costs, HR, IT and overheads. Overheads and administration costs were Euro 9,182 thousand in 2021 and decreased compared to December 31, 2020 (equal to Euro 7,690 thousand).

27. Financial Income and expenses

The financial income and expenses of the 2021 financial year shows a negative result of Euro 294 thousand.

FINANCIAL MANAGEMENT	Dec 31, 2021	Dec 31, 2020
Interests on Bond	(919)	(917)
Interests on main bank loan (current/non current)	(923)	(1,282)
Interests on payable for bank loans (current/non current)	(211)	(145)
Interests on loans from subsidiaries	(315)	(368)
Derivatives expenses (CRS)	(9,261)	(3,523)
Derivatives expenses (IRS)	(292)	(319)
Interests on leasing	(297)	(270)
Interests paid on employee tax benefits	(40)	(136)
Bank charges	(436)	(410)
Other financial expenses	(110)	(42)
Financial expenses	**(12,804)**	**(7,412)**
Interests income on loans to subsidiaries	185	245
Derivatives income (CRS)	8,562	4,273
Derivatives income (IRS)	-	4
Bank interest income	2	2
Other financial income	53	112
Financial income	**8,802**	**4,636**
Dividends and adjustments on investments value	**3,558**	**8,748**
Net exchange differences	**150**	**311**
FINANCIAL INCOME AND EXPENSES (NET)	**(294)**	**6,283**

Financial charges include interest of Euro 919 thousand related to the Bond and Euro 923 thousand related to the main bank loans.

The item Dividends and value adjustments of equity investments equal to Euro 3,558 thousand refers to write-downs of the subsidiary PRIMA POWER SOUTH AMERICA Ltda for Euro 100 thousand and of PRIMA POWER AUSTRALASIA Pty Ltd for Euro 3 thousand and dividends from subsidiaries for Euro 3,661 thousand (FINN-POWER OY for Euro 3,500 thousand and PRIMA POWER CENTRAL EUROPE Sp.zoo for Euro 161 thousand).

28. Current and deferred taxes

The tax burden of PRIMA INDUSTRIE SpA at December 31, 2021 compared to the data of the previous year is summarised below.

TAXES	Dec 31, 2021	Dec 31, 2020
IRES (included the effect derived from consolidated taxation)	(790)	(832)
Deferred tax assets	2,113	2,030
Deferred tax liabilities	(114)	4
Taxes relating to previous year	134	(15)
Other taxes	(20)	(5)
TOTAL	**1,323**	**1,182**

The reconciliation between the fiscal costs entered in the financial statements and the theoretical fiscal cost, calculated on the basis of the theoretical tax rates in force in Italy, is as follows:

RECONCILIATION BETWEEN ORDINARY AND THEORICAL TAX RATES	2021	2020
RESULT BEFORE TAXES	**(4,946)**	**1,158**
IRES rate	24.00%	24.00%
THEORICAL IRES ON INCOME	**(1,187)**	**278**
Permanent increase/decrease	(3,135)	(10,382)
Temporary increase/decrease	3,769	4,404
Fiscal loss from italian fiscal consolidated	4,363	4,820
Other differences	(3,344)	(3,467)
INCREASE/DECREASE	**1,653**	**(4,625)**
EFFECTIVE FISCAL RESULT	**(3,293)**	**(3,467)**
IRES rate	24.00%	24.00%
EFFECTIVE IRES ON INCOME	**(790)**	**(832)**

INFORMATION ON THE TRANSPARENCY OF PUBLIC FUNDS

In accordance with Article 1, paragraphs 125-129 of Italian Law no. 124/2017 as amended by Decree-Law no. 113/2018 on "Security" and Decree-Law no. 135/2018 on "Simplification", we disclose the information regarding subsidies, contributions, paid assignments and any kind of economic advantages granted to the Italian Company in the 2021 financial year by public authorities and a number of similar bodies with which they have economic relations.
The entities identified as sources of the funds that are the subject of the disclosure are:

- The public administrations and the entities referred to in Article 2-bis of Legislative Decree no. 33 of March 14, 2013;
- Companies which are controlled, in law or in fact, directly or indirectly, by public administrations, including companies with shares listed on regulated markets and their subsidiaries;
- Publicly owned companies, including those issuing shares listed on regulated markets and their subsidiaries.

Values expressed in Euro thousand

BENEFICIARY	SUPPLYING AUTHORITY	DESCRIPTION	AMOUNT RECEIVED
Prima Industrie SpA	European Union	R&D subsidy	621
Prima Industrie SpA	Piedmont Region	R&D subsidy	374
Prima Industrie SpA	Ministry of Economic Development	Tax credit for R&D	143
Prima Industrie SpA	Ministry of Economic Development	Tax credit for Sanitization	3
Total			**1,141**

The information relating to grants, contributions, paid assignments and in any case to the economic benefits of any kind pertaining to the year 2021 is set out below.

Values expressed in Euro thousand

BENEFICIARY	SUPPLYING AUTHORITY	DESCRIPTION	AMOUNT DUE
Prima Industrie SpA	Ministry of Economic Development	R&D subsidy	1,233
Prima Industrie SpA	Piedmont Region	R&D subsidy	510
Prima Industrie SpA	European Union	R&D subsidy	82
Prima Industrie SpA	Ministry of Economic Development	Tax credit for Capital Goods	8
Prima Industrie SpA	Ministry of Economic Development	Tax credit for Sanitization	3
Total			**1,836**

GUARANTEES GRANTED, COMMITMENTS AND OTHER POTENTIAL LIABILITIES

The guarantees granted and commitments undertaken by the Company at December 31, 2021 are shown below.

GUARANTEES, COMMITMENTS AND OTHER POTENTIAL LIABILITIES	Dec 31, 2021	Dec 31, 2020
Guarantees granted	19,242	21,781
Commitments to leasing companies	1,810	1,928
TOTAL	**21,052**	**23,709**

At December 31, 2021 the guarantees granted by PRIMA INDUSTRIE SpA amounted to Euro 19,242 thousand and relate to guarantees to trade counterparties and sureties to credit institutions on behalf of Group companies.

"Commitments to leasing companies" refer to repurchase agreements for sales made through financial intermediaries.

PRIMA INDUSTRIE SpA, in addition to probable liabilities for which provisions have been allocated in the related risks provisions, does not have potential liabilities, as described in IAS 37, to be mentioned.

RELATED-PARTY TRANSACTIONS

Relations with related parties are generally represented by transactions with companies controlled directly or indirectly by the company regulated at market conditions considered normal in the reference market, in view of the characteristics of the assets and the services rendered.

The impact of these transactions on individual items in the 2021 Financial Statements, already highlighted in the supplementary tables of the Financial Statements and Income Statement, drawn up in accordance with CONSOB Resolution no. 15519 of July 27, 2006, is summarised in the following table:

Related parties – financial items

COUNTERPARTY	FINANCIAL RECEIVABLES	TRADE RECEIVABLES	Other receivables	FINANCIAL PAYABLES	TRADE PAYABLES AND ADVANCES	OTHER PAYABLES
PRIMA POWER GmbH	-	7,562	-	-	362	-
PRIMA POWER UK LTD	-	88	-	-	48	7
PRIMA POWER CENTRAL EUROPE Spzoo	-	1,838	-	3,031	34	-
OOO PRIMA POWER	-	118	-	-	201	-
PRIMA ELECTRO SpA	1,774	219	-	4,485	4.858	-
PRIMA INDUSTRIE NORTH AMERICA - CONVERGENT-PHOTONICS	-	5	-	-	289	-
FINN-POWER OY	-	2,678	-	1,775	21,889	-
PRIMA POWER IBERICA	-	831	-	3,000	89	-
PRIMA POWER FRANCE Sarl	-	1,547	-	-	21	-
PRIMA INDUSTRIE NORTH AMERICA - PRIMA POWER NA	-	4,909	-	20,476	280	-
PRIMA POWER LASERDYNE LLC	-	80	-	-	650	-
PRIMA POWER SOUTH AMERICA LTDA	526	283	-	-	-	-
PRIMA POWER INDIA PVT. LTD	-	2,541	-	-	320	-
PRIMA POWER MAKINA TICARET LTD	-	1,218	-	-	34	-
PRIMA POWER SUZHOU CO. LTD	-	13,808	-	346	1,975	-
PRIMA POWER CANADA Ltd	-	-	-	-	3	-
LEEPORT	-	261	-	-	61	-
3D - NT	-	9	44	-	318	-
ADMINISTRATIVE, CONTROL BOARDS AND STRATEGIC MANAGEMENT	-	-	-	-	-	755
TOTAL	**2,300**	**37,995**	**44**	**33,113**	**31,432**	**762**

Related parties – economic items

COUNTERPARTY	REVENUES	COGS	R&D	S&M	G&A	FINANCIAL INCOME	FINANCIAL EXPENSES	DIVIDENDS AND ADJUSTMENTS ON INVESTMENTS VALUE
PRIMA POWER GmbH	9,552	(260)	(93)	(149)	142	38	-	-
PRIMA POWER UK LTD	605	(51)	(96)	35	66	-	-	-
PRIMA POWER CENTRAL EUROPE Spzoo	5,395	(144)	-	280	111	5	(43)	161
OOO PRIMA POWER	4,316	(276)	-	60	84	-	-	-
PRIMA ELECTRO SpA	2	(16,116)	-	10	184	97	(114)	-
PRIMA INDUSTRIE NORTH AMERICA - CONVERGENT-PHOTONICS	4	(1,179)	-	5	-	-	-	-
FINN-POWER OY	10,457	(24,905)	-	301	616	-	(15)	3,500
PRIMA POWER IBERICA	6,580	(388)	-	13	106	10	(40)	-
PRIMA POWER FRANCE Sarl	2,506	78	-	154	79	1	-	-
PRIMA INDUSTRIE NORTH AMERICA - PRIMA POWER NA	19,434	(267)	-	20	178	-	(103)	-
PRIMA POWER CANADA Ltd	906	(3)	-	-	-	-	-	-
PRIMA POWER LASERDYNE LLC	225	(1,160)	-	51	160	11	-	-
PRIMA POWER SOUTH AMERICA LTDA	36	(29)	-	-	18	8	-	(100)
PRIMA POWER INDIA PVT. LTD	1,785	(95)	-	-	26	-	-	-
PRIMA POWER MAKINA TICARET LTD	1,997	(49)	-	3	66	-	-	-
PRIMA POWER SUZHOU CO LTD	12,973	(773)	(21)	9	191	15	-	-
PRIMA POWER AUSTRALASIA PTY LTD	-	-	-	-	-	-	-	(3)
LEEPORT	756	-	-	-	-	-	-	-
3D - NT	-	(957)	21	-	8	-	-	-
ADMINISTRATIVE, CONTROL BOARDS AND STRATEGIC MANAGEMENT	-	-	-	-	(1,586)	-	-	-
TOTAL	**77,529**	**(46,574)**	**(189)**	**792**	**449**	**185**	**(315)**	**3,558**

The above table does not contain items deriving from national consolidated taxation, since they do not represent actual exchanges, but rather only those originating from the procedures provided for in national taxation legislation (receivable to PRIMA ELECTRO SpA for Euro 98 thousand and payable to PRIMA ELECTRO SpA of Euro 1,806 thousand).

In addition to the above, there are also guarantees provided by the parent company to some of its subsidiaries.

Please see the Remuneration Report for matters relating reference to the remuneration of directors and statutory auditors in accordance with Article 2427, paragraph 1(16) of the Italian Civil Code.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

The table below summarises non-recurring transactions that have had a negative impact on the Income Statement for a total of Euro 2,284 thousand.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS (values expressed in Euro thousand)	Gross Margin	Research and Development costs	Sales and marketing expenses	General and administrative expenses	Financial income and expenses	Total as at Dec 31, 2021	Total as at Dec 31, 2020	Variation between 2021 and 2020
COVID-19	(274)	-	-	-	-	(274)	(408)	134
Actions of reorganization/ Restructuring	(750)	(80)	(225)	(438)	-	(1,493)	(400)	(1,093)
Legal/fiscal disputes and penalties from customers	100	-	-	(248)	-	(148)	(587)	439
Impairment	(266)	-	-	-	-	(266)	-	(266)
EBIT	**(1,190)**	**(80)**	**(225)**	**(686)**	**-**	**(2,181)**	**(1,395)**	**(786)**
Impairment of investments	-	-	-	-	(103)	(103)	(2,030)	1,927
EBT	**(1,190)**	**(80)**	**(225)**	**(686)**	**(103)**	**(2,284)**	**(3,425)**	**1,141**

TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In accordance with CONSOB Communication of July 28, 2006, during 2021 the Company performed no atypical and/or unusual transactions, as defined by the Communication, which states that atypical and/or unusual transactions are those operations whose size/importance, nature of the counterparties, object, price transfer determination method and timing (proximity to close of the financial year) can give rise to doubts regarding: the correctness/completeness of the information in the financial statements, the conflict of interests, the safeguarding of company assets, the protection of minority shareholders.

NET FINANCIAL INDEBTEDNESS

As required by the ESMA Document 32-382-1138 of March 4, 2021 and in the CONSOB 5/21 of April 29, 2021, the following table shows the financial indebtedness at December 31, 2021 and at December 31, 2020 (non-current financial receivables which as at December 31, 2021 amounted to Euro 2,728 thousand are not indicated).

For more details on net financial position, see the following notes:

- 6 - Financial assets
- 13 - Cash and cash equivalents
- 16 - Financing

	FINANCIAL INDEBTEDNESS	Dec 31, 2021	Dec 31, 2020	Variations
A	CASH	10,075	11,196	(1,121)
B	CASH EQUIVALENTS	-	-	-
C	OTHER CURRENT FINANCIAL ASSETS	2,306	3,130	(824)
D	**LIQUIDITY (A+B+C)**	**12,381**	**14,326**	**(1,945)**
E	CURRENT FINANCIAL DEBT	20,503	25,751	(5,248)
F	CURRENT PORTION OF NON-CURRENT FINANCIAL DEBT	46,967	31,456	15,511
G	**CURRENT FINANCIAL INDEBTEDNESS (E+F)**	**67,470**	**57,207**	**10,263**
H	**NET CURRENT FINANCIAL INDEBTEDNESS (G-D)**	**55,089**	**42,881**	**12,208**
I	NON-CURRENT FINANCIAL DEBT	54,272	67,004	(12,732)
J	DEBT INSTRUMENTS	24,896	24,850	46
K	NON-CURRENT TRADE AND OTHER PAYABLES	-	-	-
L	**NON-CURRENT FINANCIAL INDEBTEDNESS (I+J+K)**	**79,168**	**91,854**	**(12,686)**
M	**TOTAL FINANCIAL INDEBTEDNESS (H+L)**	**134,257**	**134,735**	**(478)**

SUMMARY OF KEY FIGURES FROM THE LAST FINANCIAL STATEMENTS OF SUBSIDIARIES

The tables below provide a summary of the key figures from the Financial Statements of subsidiaries by segment at December 31, 2021.

PRIMA POWER

Values expressed in Euro thousand

	FINN-POWER OY	PRIMA POWER LASERDYNE LLC	PRIMA POWER SUZHOU CO.LTD.	PI INDUS NORTH AME - PRIMA PO
NON CURRENT ASSETS	103,322	8,837	10,352	4
CURRENT ASSETS	101,745	18,811	29,151	6
ASSETS HELD FOR SALE	-	-	-	
TOTAL ASSETS	**205,067**	**27,648**	**39,503**	**72**
STOCKHOLDERS' EQUITY	142,006	15,704	11,372	39
NON CURRENT LIABILITIES	6,038	4,542	8	3
CURRENT LIABILITIES	57,023	7,402	28,123	29
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**205,067**	**27,648**	**39,503**	**72**

	FINN-POWER OY	PRIMA POWER LASERDYNE LLC	PRIMA POWER SUZHOU CO.LTD.	PI INDUS NORTH AME - PRIMA PO
NET REVENUES	122,653	20,691	31,982	70
OPERATING PROFIT (EBIT)	8,950	474	414	8
RESULT BEFORE TAXES (EBT)	7,563	302	610	8
NET RESULT	**5,903**	**378**	**756**	**6**

RIMA STRIE RICA WER NA	PRIMA POWER CANADA Ltd.	PRIMA POWER MEXICO SRL de CV	PRIMA POWER GMBH	PRIMA POWER IBERICA S.L.	PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	OOO PRIMA POWER	PRIMA POWER FRANCE Sarl	PRIMA POWER MAKINA TICARET LTD SIRTEKI	PRIMA POWER UK LTD.	PRIMA POWER INDIA PVT.LTD.	PRIMA POWER SOUTH AMERICA LTDA	PRIMA POWER AUSTRALASIA PTY. LTD.
4,339	82	3	2,664	742	854	749	476	277	127	122	34	-
8,128	6,905	1,506	11,167	10,844	11,922	6,241	4,618	1,972	2,399	4,964	160	43
-	-	-	-	-	-	-	-	-	-	-	-	-
2,467	**6,987**	**1,509**	**13,831**	**11,586**	**12,776**	**6,990**	**5,094**	**2,249**	**2,526**	**5,086**	**194**	**43**
9,643	3,283	345	(10,278)	6,877	1,303	3,299	307	114	1,354	(83)	(860)	(234)
3,362	-	-	1,640	528	380	216	377	126	31	44	7	-
9,462	3,704	1,164	22,469	4,181	11,093	3,475	4,410	2,009	1,141	5,125	1,047	277
2,467	**6,987**	**1,509**	**13,831**	**11,586**	**12,776**	**6,990**	**5,094**	**2,249**	**2,526**	**5,086**	**194**	**43**

RIMA STRIE RICA WER NA	PRIMA POWER CANADA Ltd.	PRIMA POWER MEXICO SRL de CV	PRIMA POWER GMBH	PRIMA POWER IBERICA S.L.	PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	OOO PRIMA POWER	PRIMA POWER FRANCE Sarl	PRIMA POWER MAKINA TICARET LTD SIRTEKI	PRIMA POWER UK LTD.	PRIMA POWER INDIA PVT.LTD.	PRIMA POWER SOUTH AMERICA LTDA	PRIMA POWER AUSTRALASIA PTY. LTD.
6,576	9,865	-	23,251	15,690	20,288	14,706	7,492	4,364	4,131	1,947	422	-
3,628	1,771	387	(2,163)	340	1,072	877	(907)	(66)	158	190	(90)	(3)
3,249	1,778	387	(2,381)	334	1,111	917	(929)	(335)	126	375	(100)	(3)
6,028	**1,544**	**387**	**(2,378)**	**204**	**975**	**730**	**(928)**	**(247)**	**102**	**338**	**(101)**	**(3)**

PRIMA ELECTRO

	PRIMA ELECTRO S.p.A.	PRIMA INDUSTRIE NORTH AMERICA - CONVERGENT-PHOTONICS	PRIMA ELECTRO SUZHOU Co. LTD.
NON CURRENT ASSETS	29,058	4,172	49
CURRENT ASSETS	36,112	19,165	2,531
ASSETS HELD FOR SALE	4,000	-	-
TOTAL ASSETS	**69,170**	**23,337**	**2,580**
STOCKHOLDERS' EQUITY	31,483	5,965	553
NON CURRENT LIABILITIES	7,403	11,808	-
CURRENT LIABILITIES	30,284	5,564	2,027
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	**69,170**	**23,337**	**2,580**

	PRIMA ELECTRO S.p.A.	PRIMA INDUSTRIE NORTH AMERICA - CONVERGENT-PHOTONICS	PRIMA ELECTRO SUZHOU Co. LTD.
NET REVENUES	50,099	14,636	3,132
OPERATING PROFIT (EBIT)	613	(1,960)	169
RESULT BEFORE TAXES (EBT)	263	(2,069)	221
NET RESULT	**554**	**(1,683)**	**221**

INFORMATION PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUERS' REGULATION – PRIMA INDUSTRIE GROUP

The following table, drawn up in accordance with Article 149-duodecies of the CONSOB Issuers' Regulation, presents the costs for the year 2021 included in the consolidated income statement for auditing services and for non-auditing services provided by PricewaterhouseCoopers SpA (hereinafter referred to as "PwC") and by entities belonging to its network.

Values expressed in Euro thousand

AUDIT COSTS	2021
Parent company audit	96
Subsidiaries audit	204
Other services	84
TOTAL	**384**

The following table shows the total fees owed to PwC and entities belonging to its network for the audit of the 2021 financial statements, as well as fees for 2021 for other auditing and non-auditing services provided to Group companies by PwC and the entities belonging to its network. The expenses incurred in 2021 for these services are not included.

Values expressed in Euro thousand

AUDIT COSTS	2021
Parent company audit	83
Subsidiaries audit	203
Other services	84
TOTAL	**370**

STATEMENT EX ART. 2427, N. 7-BIS

Statement of Net Equity items broken down according to the origin, possibility of use, distribution, availability and successful use in the three previous years.

DESCRIPTION	AMOUNT	AVAILABILITY	AMOUNT AVAILABLE	SUMMARY OF UTILIZATIONS MADE IN THE THREE-YEAR PERIOD 2019-2021	
				Loss coverage	Other reasons (a)
Capital stock	**26,208**	**B**	**-**	**-**	**-**
Capital stock Reserves					
Additional paid-in capital (a)	57,507	A. B. C	57,507	-	-
Capital increase - expenses	(1,286)	-	-	-	-
Treasury stock	(3,042)	-	-	-	-
Retained ernings					
Legal reserve	5,242	B	-	-	-
Extraordinary reserve	10,693	A. B. C	10,693	2,164	366
IAS FTA reserve	(1,698)	-	-	-	-
IAS reserve (stock grant, TFR, derivatives)	(461)	-	-	-	-
Merger surplus reserve	(459)	-	-	-	-
Capitalized development costs reserve	5,177	B	-	-	-

"Legend
A: to increase the Capital stock
B: to cover losses
C: to distribute to shareholders"

(a) It refers to the distribution of dividends

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021 DECLARATION

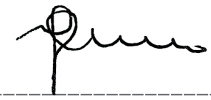
PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

1. The undersigned, Gianfranco Carbonato (Executive Chairman) and Marco Pintauro (Manager responsible for drafting company accounting documents), of PRIMA INDUSTRIE SpA, certify that, having taken account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative No. 58 of February 24, 1998:
    - the company's business is compliant with the given requirements and
    - the administrative and accounting procedures have been effectively applied in drafting the financial statements over the course of 2021.
2. No significant facts have emerged in this regard.
3. We also certify that:
    3.1 the financial statements:
        a) are drafted in conformity with the applicable international accounting standards commonly used in the European Community, pursuant to (CE) Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002;
        b) truthfully represent the figures in the accounting books and ledgers;
        c) is suitable to provide a truthful and faithful representation of the capital, economic and financial position of the company.

    3.2 The Report on Operations includes a reliable analysis of company business trends and results, as well as of the position of the company, along with the description of the chief risks and uncertainties to which they are exposed.

Date: March 14, 2022

Signature of the Executive Chairman



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Signature of the Manager responsible for drafting company accounting documents

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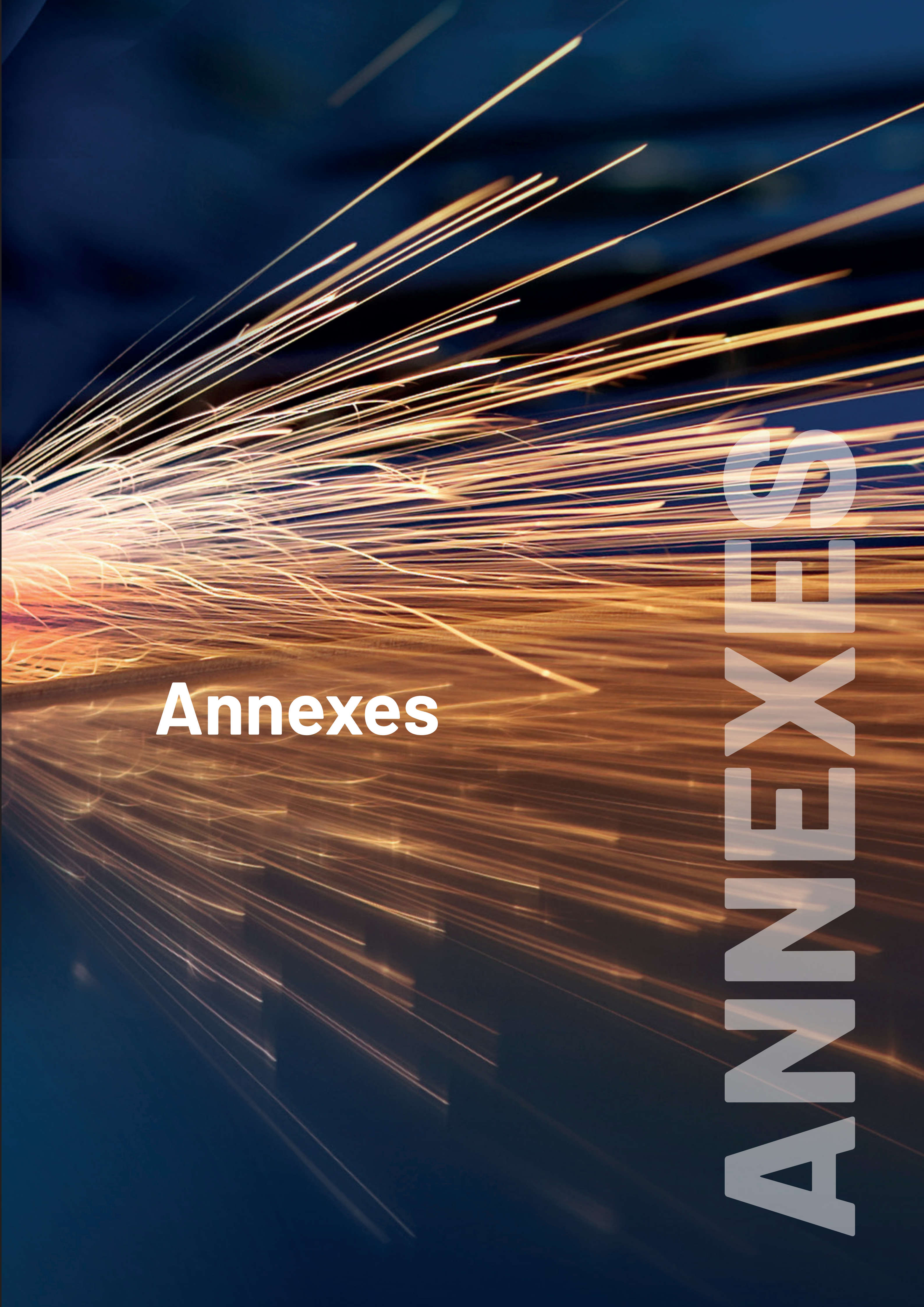
Annexes


ANNEXES

ANNEXES

ANNEX 1 – CONSOLIDATION AREA

PRIMA POWER	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
FINN POWER OY	Nuppiväylä 7, 60100 Seinäjoki, FINLAND	€ 30.000.000	100%	Line-by-line method
PRIMA POWER LASERDYNE LLC	7105, Northland Terrace North, Brooklyn Park, MN 55428, U.S.A.	USD 200.000	100%	Line-by-line method
PRIMA POWER SUZHOU Co. LTD.	459 Xingrui Road, Wujiang Ec. & Tech. Develp. Zone, Suzhou City Jiangsu Prov. CHINA	USD 15.850.000	70%	Line-by-line method
PRIMA INDUSTRIE NORTH AMERICA Inc. - PRIMA POWER NA	555W Algonquin Rd., Arlington Heights, IL 60005, U.S.A.	USD 10.000	100%	Line-by-line method
PRIMA POWER CANADA Ltd.	1500 Upper Middle Rd W Suite 313, Oakville Ontario , L6M 0C2, Canada	CAD 200	100%	Line-by-line method
PRIMA POWER MEXICO S DE RL DE CV	Campo Real, 121 FRACC. Valle Real, Saltillo, Coahuila C.P. 25198 MEXICO	USD 250	100%	Line-by-line method
PRIMA POWER GmbH	Am Gfild 9, 85375 Neufahrn, GERMANY	€ 500.000	100%	Line-by-line method
PRIMA POWER IBERICA S.L.	C/Primero de Mayo 13-15, 08908 L'Hospitalet de Llobregat, Barcelona, SPAIN	€ 6.440.000	100%	Line-by-line method
PRIMA POWER CENTRAL EUROPE Sp.z.o.o.	Ul. Holenderska 6 - 05 - 152 Czosnów Warsaw, POLAND	PLN 350.000	100%	Line-by-line method
OOO PRIMA POWER	Ordzhonikidze str., 11/A - 115419, Moscow - RUSSIAN FEDERATION	RUB 4.800.000	100%	Line-by-line method
PRIMA POWER FRANCE Sarl	Espace Green Parc , Route de Villepècle, 91280 St. Pierre du Perray, FRANCE	€ 985.470	100%	Line-by-line method
PRIMA POWER MAKINA TICARET LIMITED SIRKETI	Soğanlık Yeni Mah. Balıkesir Cad. Uprise Elite Teras Evler B2 A Dubleks Gül Blok Daire:4 Kartal – Istanbul, TURKEY	TRY 1.470.000	100%	Line-by-line method
PRIMA POWER UK LTD	Unit 1, Phoenix Park, Bayton Road, Coventry CV7 9QN, UNITED KINGDOM	GBP 1	100%	Line-by-line method
PRIMA POWER INDIA PVT. LTD.	Plot No A-54/55, H Block, MIDC, Pimpri, Pune - 411018, Maharashtra, INDIA	Rs. 7.000.000	99,99%	Line-by-line method
PRIMA POWER SOUTH AMERICA Ltda	Av Fuad Lutfalla, 1,182 – Freguesia do Ó - 02968-00, Sao Paulo BRAZIL	R$ 7.698.699	99,99%	Line-by-line method
PRIMA POWER AUSTRALASIA Pty. LTD.	Suite 2, First Floor, 100 Queen street, PO Box 878, Campbelltown, NSW, 2560 AUSTRALIA	A$ 1	100%	Line-by-line method

PRIMA ELECTRO	REGISTERED OFFICE	SHARE CAPITAL	OWNERSHIP	CONSOLIDATION METHOD
PRIMA ELECTRO S.p.A.	Strada Carignano 48/2, 10024 Moncalieri, (TO) ITALY	€ 15.000.000	100%	Line-by-line method
PRIMA INDUSTRIE NORTH AMERICA Inc. - CONVERGENT PHOTONICS	711 East Main Street, Chicopee, MA 01020, U.S.A.	USD 24.119.985	100%	Line-by-line method
PRIMA ELECTRO SUZHOU Co.Ltd.	459 Xingrui Road, Wujiang Ec. & Tech. Develp. Zone, Suzhou City Jiangsu Prov. CHINA	€ 500.000	100%	Line-by-line method

ANNEX 2 – "NON-GAAP" PERFORMANCE INDICATORS

The Management of PRIMA INDUSTRIE SpA assesses the performance of the Group and its business segments using a number of non-IFRS indices. Below are described the components of each of these indices:

ORDERS includes agreements entered into with customers during the reference period than can be considered part of the order books.

BACKLOG this is the sum of orders from the previous period and current confirmed orders, net of revenues in the reference period.

EBIT Operating Profit.

EBITDA the Operating Profit, as shown in the income statement, gross of "Amortisation/Depreciation", "Write-downs and Impairment". This ratio is also referred to as the "Gross Operating Margin".

Adjusted EBITDA, EBIT and EBT correspond to the same alternative performance indicators net of non-recurring items.

EBITDA Margin calculated as the ratio between EBITDA and revenues.

FCF (Free Cash Flow) is the cash flow from operations that is available after the company has made the necessary reinvestment in new fixed assets; it is the sum of cash flow from operations and the cash flow from investments.

Workforce is the number of employees on the books on the last day of the reference period.

Net financial indebtedness includes cash and cash equivalents, financial receivables (current and non-current), net of financial payables (current and non-current) and the fair value of derivatives. The reconciliation with financial indebtedness required by ESMA document 32-382-1138 of March 4, 2021 is provided in the Notes to the Consolidated Financial Statements.

Revenues at constant exchange rates are stated by applying the average exchange rates of the previous year to the revenues of the current year in the local currency.

ANNEX 3 – CURRENCY EXCHANGE RATE

The exchange rates applied in converting the financial statements to a currency other than the Euro are, for the purpose of consolidation, the following:

CURRENCY	AVERAGE EXCHANGE RATE		SPOT EXCHANGE RATE	
	2021	2020	Dec 31, 2021	Dec 31, 2020
US DOLLAR	1.1835	1.1413	1.1326	1.2271
CHINESE RENMINBI	7.6340	7.8708	7.1947	8.0225
RUSSIAN RUBLE	87.2321	82.6454	85.3004	91.4671
TURKISH LIRA	10.4670	8.0436	15.2335	9.1131
POLISH ZLOTY	4.5640	4.4432	4.5969	4.5597
POUND STERLING	0.8600	0.8892	0.8403	0.8990
BRAZILIAN REAL	6.3814	5.8900	6.3101	6.3735
INDIAN RUPEE	87.4861	84.5795	84.2292	89.6605
AUSTRALIAN DOLLAR	1.5747	1.6554	1.5615	1.5896
CANADIAN DOLLAR	1.4835	1.5294	1.4393	1.5633
MEXICAN PESO	23.9903	24.5118	23.1438	24.4160

REPORTS

INDEPENDENT AUDITORS & BOARD OF STATUTORY AUDITORS REPORTS

REPORTS

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) NO. 537/2014

PRIMA INDUSTRIE SPA

FINANCIAL STATEMENT AS OF 31 DECEMBER 2021

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Prima Industrie SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prima Industrie SpA (the "Company"), which comprise the statement of financial position as of 31 December 2021, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Analysis of impairment indicators over investments in subsidiaries *Note 3 to the financial statements "Investments in subsidiaries"* The value of the "Investments in subsidiaries" as of 31 December 2021 amounted to Euro 179.1 million (representing approximately 49% of total assets), of which Euro 140.2 million related to the subsidiary Finn-Power OY, which is the most significant investment. The management of the Company, at least annually, performs an analysis on each subsidiary, focusing on those for which the book value is higher than the corresponding amount of the shareholders' equity. If, further to such analysis, any indicator emerges that could lead to presume that an impairment loss on investments in subsidiaries exists, management performs an impairment test on them. Considering the relevance of the investments in subsidiaries and the inherent estimate elements influencing the management evaluations, we considered the analysis of the impairment indicators as a key audit matter.	Our audit procedures concerned the examination and discussion with management of the financial performance of the subsidiaries, as well as the evaluation of the existence of any impairment indicators, as requested by IAS 36. In the presence of indicators that could lead to the presumption of a loss in the value of the investments, we discussed with management the conclusions reached by the same following the impairment test, checking the reasonableness in the circumstances. We also verified the adequacy of the value adjustments relating to investments in subsidiaries. Finally, we verified the completeness and the accuracy of the information provided in the explanatory notes.
Assessment of development costs recoverability *Note 2 to the financial statements "Intangible assets"* Intangible assets as of 31 December 2021 include "Development costs" amounting to Euro 5.2 million and representing approximately 1% of total assets.	Our audit procedures concerned the understanding of the internal control system over the capitalization process of development costs, the main development projects through meetings with technical personnel in charge of them, as well as the critical analysis of the assumptions

The management of the Company periodically monitors the development projects and the related costs, verifying their technical feasibility and the generation of probable future economic benefits expected. Development costs are deemed as a key audit matter considering both their amount and the inherent estimate elements influencing the evaluations performed by management in relation to their recoverability.	underlying the investment recovery plans prepared by management. Furthermore, we verified the inherence and accuracy of the capitalized development costs, their compliance with the IAS 38 requirements, as well as the completeness and accuracy of the disclosure provided in the explanatory notes.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 11 April 2017, the Shareholders of Prima Industrie SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Prima Industrie SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Prima Industrie SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Prima Industrie SpA as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Prima Industrie SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Prima Industrie SpA as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 31 March 2022

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

The accompanying financial statements of Prima Industrie SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) NO. 537/2014

PRIMA INDUSTRIE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Prima Industrie SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Prima Industrie SpA and its subsidiaries (the "Prima Industrie Group" or "the Group"), which comprise the statement of financial position as of 31 December 2021, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement for the year then ended, and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Prima Industrie Group as of 31 December 2021, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Assessment of the goodwill recoverability *Note 2 to the consolidated financial statements "Intangible assets"* Intangible assets as of 31 December 2021 include "Goodwill", amounting to a total of Euro 97.9 million, representing approximately 18% of total assets, and almost wholly allocated to the Cash Generating Units ("CGU") Prima Power. The management of the Company assesses, at least annually, the goodwill recoverability, based on the higher value between the fair value and the value in use of each CGU to which the goodwill amounts are allocated (impairment test). The value in use is determined by discounting the future cash flows expected in the plan as approved by management, as well as the related terminal value. Goodwill is deemed as a key audit matter considering both its amount and the inherent estimate elements influencing the evaluations performed by management in relation to its recoverability. The main estimate elements are linked to the correct definition and identification of the CGU, of future cash flows for each CGU and their discounting rates.	We analyzed the reasonableness of the considerations made by management regarding the CGU identified and on the allocation of goodwill thereto, verifying their consistency with the Group structure and with the operating segments in which it operates. Our audit procedures also concerned the analysis of the main assumptions included in the plans of each CGU, verifying their reasonableness in consideration of the results achieved in 2021, of the order backlog as well as of the expected market development. We analyzed the methodology and the evaluation model used by management to prepare the impairment test, including the reasonableness of the discounting rates and of the related sensitivity analyses, also involving the experts belonging to the PwC network. Furthermore, we verified the correct allocation of the book values of assets and liabilities attributable to the individual CGUs, including the allocated goodwill, used for comparisons with the value in use. Finally, we verified the completeness and the accuracy of the information provided in the explanatory notes.

Assessment of development costs recoverability

Note 2 to the consolidated financial statements "Intangible assets"

Intangible assets as of 31 December 2021 include "Development costs" amounting to Euro 14.6 million and representing approximately 3% of total assets.

The management of the Company periodically monitors the development projects and the related costs, verifying their technical feasibility and the generation of probable future economic benefits expected.

Development costs are deemed as a key audit matter considering both their amount and the inherent estimate elements influencing the evaluations performed by management in relation to their recoverability.

Our audit procedures concerned the understanding of the internal control system over the capitalization process of development costs, the main development projects through meetings with technical personnel in charge of them, as well as the critical analysis of the assumptions underlying the investment recovery plans prepared by management.

Furthermore, we verified the inherence and accuracy of the capitalized development costs, their compliance with the IAS 38 requirements, the assumptions for the write-downs booked during the year, as well as the completeness and accuracy of the disclosure provided in the explanatory notes.

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Prima Industrie SpA or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated 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.

- We obtained 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 on the consolidated financial statements.

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.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 11 April 2017, the shareholders of Prima Industrie SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2017 to 31 December 2025.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Prima Industrie SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Prima Industrie SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Prima Industrie Group as of 31 December 2021, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Prima Industrie Group as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Prima Industrie Group as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Prima Industrie SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016. We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Turin, 31 March 2022

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

The accompanying consolidated financial statements of the Prima Industrie Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PRIMA INDUSTRIE S.p.A.

Registered office: Via Torino-Pianezza 36, 10093 Collegno (TO)
Share Capital: €26,208,185.00 (fully paid)
Companies Register of Turin No. 03736080015
www.primaindustrie.com

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REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS AS AT December 31, 2021

(in accordance with Article 153 of Legislative Decree no. 58 of February 24, 1998 and Article 2429 of the Italian Civil Code)

To the Shareholders of Prima Industrie S.p.A.,

1. Introduction

The Board of Statutory Auditors, whose members are Franco Nada, Chairman, and statutory auditors Maura Campra and Roberto Petrignani, was appointed by the Shareholders' Meeting of Prima Industrie SpA on April 16, 2019 and will remain in office until approval of the financial statements as at December 31, 2021.

This report reports on the supervisory and other activities carried out by the Board of Statutory Auditors during the financial year ended December 31, 2021 in accordance with the provisions of the law, taking into account the Principles set out in the "Rules of Conduct for the Board of Statutory Auditors of Listed Companies" issued by the Italian Board of Professional Accountants and Auditors (hereinafter the “Rules of Conduct”), the CONSOB provisions on corporate controls and the indications contained in the Corporate Governance Code. In this report, also in compliance with the indications provided by CONSOB Communication

DEM/1025564, of April 6, 2001, as subsequently amended and supplemented, and also taking into account the warnings issued in each instance, the Board of Statutory Auditors gives an account of the activities carried out, separately for each supervisory object provided for by the regulations that govern the activity of the Board of Statutory Auditors itself.

Prima Industrie having adopted the traditional governance model, and premised on the fact that the statutory audit of the accounts has been entrusted to PricewaterhouseCoopers S.p.A. (hereinafter the "Auditing Company" or "PwC"), appointed by the Ordinary Shareholders' Meeting of Prima Industrie S.p.A. on April 11, 2017, on the recommendation of the Board of Statutory Auditors, for the 2017-2025 financial years, the Board of Statutory Auditors is also identified with the "Internal Control and Audit Committee" which is responsible for further specific control and monitoring functions on financial reporting and statutory audit provided for by Article 19 of Legislative Decree no. 39, of January 27, 2010, as amended by Legislative Decree no. 135, of July 17, 2016, which are also acknowledged in this Report.

The Board of Statutory Auditors also reports on the supervisory activity carried out with reference to the obligations relating to the Non-Financial Statement pursuant to Legislative Decree no. 254/2016.

In fulfilling these obligations, the Board of Statutory Auditors, as the top-level body of the overall system of corporate controls, provides an integrated picture of the results of these controls.

In accordance with the Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A., the Board of Directors, appointed by the Shareholders' Meeting of 12 May 2020, consists of 11 members, three of whom are managing directors. The Chairman holds executive powers of proxy. Of the 11 directors, 5 are independent. The Control and Risk Committee is composed of three independent directors, the Related Parties Committee is composed of three independent directors, the Remuneration Committee is composed of three directors, two of

whom are independent, and the Lead Independent Director is also an independent director.
The Supervisory Board, appointed on the proposal of the Chairman and Director in charge of internal control and risk management at the Board of Directors' meeting of 18 May 2020, is made up of the same members who make up the body in the subsidiary Prima Electro, which is for reasons of operational, economic synergies and unity of direction.

2. Supervisory activities

During the financial year ended December 31, 2021, the Board of Statutory Auditors monitored compliance with the law and the Articles of Association in force, as well as respect for the principles of correct administration, and met 5 times and another 6 times jointly with the Control and Risk Committee, with the participation of all members. In addition to the meetings indicated above, the Board of Statutory Auditors met three times jointly with the Supervisory Board and the Control and Risk Committee to examine an anonymous report received in January 2021, concerning known facts and it was, as ascertained once again, unproductive in terms of findings. Following the pandemic emergency, meetings were held partly in-person and partly remotely through the use of computer platforms. The Board of Statutory Auditors also met once with the Related Parties Committee to review the new internal procedure.

The Board of Statutory Auditors attended 8 meetings held by the Board of Directors during the year and participated in the Annual General Meeting held on April 20, 2021.

The Board of Statutory Auditors also met periodically with the independent auditors PwC, the Supervisory Board and interfaced with the Head of the Group Internal Audit Department and the Manager responsible for drafting the company accounting documents and CFO and held meetings with the heads of certain key corporate functions (Legal, Investor Relator, IT).

In addition, the Board of Statutory Auditors exchanged information with the control body of the Italian subsidiary pursuant to Article 151 of Legislative Decree 58/1998, without any relevant aspects or ascertained circumstances to be reported herein being brought to its attention.

The Board of Statutory Auditors has constantly acquired documentation and information useful for planning its activities, which in particular related to:

a) supervision of:
    (i) the compliance of the resolutions adopted by the corporate bodies with the law and the regulatory provisions, as well as the Articles of Association;
    (ii) pursuant to Article 149, paragraph 1, letter c-bis of Legislative Decree no. 58/1998 (or Consolidated Finance Act, hereinafter “TUF”), the procedures for the implementation of the Corporate Governance Code of listed companies to which Prima Industrie has adhered;
    (iii) compliance with the obligations on insider information and internal dealing, noting that the Company has adopted the specific procedures on insider trading, the Manual on Market Abuse, and insider information;
    (iv) the compliance of the new internal procedure concerning related party transactions with the principles indicated in the new Regulation approved by CONSOB with Resolution no. 21624, of December 10, 2020 (hereinafter “RPT Regulation”) approved by board resolution of May 11, 2021, as well as its concrete application;
    (v) the functioning of the corporate information process, verifying compliance with the laws and regulations concerning the preparation and layout of the separate and consolidated financial statements, as well as the related accompanying documents, to this end also reviewing the Annual Report of the Manager responsible for drafting the company accounting documents;
    (vi) the actions taken with reference to the provisions on privacy, in particular EU Regulation 2016/679 (GDPR), in compliance with which the company has appointed a new Data Protection Officer (Mr. Neirotti - Studio Legale Tributario) from June 1, 2021 for a two-year period, to

replace Dr. Luca Savoia, partner of Mazars Italia S.p.A., whose appointment contractually ended on May 31, 2021. The DPO's annual report was reviewed by the Board of Statutory Auditors;

(vii) the adoption of the Whistleblowing Policy to regulate the entire whistleblowing management process, in line with best practices, reference standards (e.g. ISO 37002) and the principles introduced at European level by Directive (EU) 2019/1937 approved by the Board of Directors at its meeting on February 28, 2022;

(viii) compliance of the Consolidated Non-Financial Statement (hereinafter also referred to as “NFS”) with the provisions of Legislative Decree No. 254/96, including the amendments made by Article 1, paragraph 1073, of Law No. 145/2018;

b) a finding of the following:

(i) Compliance with the rules governing the conduct of meetings of the company boards and fulfilment of the obligation to provide periodic information by the delegated bodies on the exercise of the delegated powers;

(ii) the respect of the independence of the Control Body which, also in the course of 2021, proceeded to the self-assessment of the independence of its members – which was found to be respected – and also proceeded to the self-assessment of its composition and functioning, assessing them as adequate in the light of the differentiation of gender, experience and skills within it, such as to ensure the effective functioning of the body on a continuous basis (in compliance with the provisions of Rule Q.1.1. of the Rules of Conduct).

As its term of office has expired, the Board of Statutory Auditors has prepared and sent to the Company its "Guidelines for the new Board of Statutory Auditors of Prima Industrie S.p.A."These guidelines summarise the activities carried out, also indicating the number of meetings and the commitment required, in order to allow shareholders and candidate Statutory Auditors to assess the relevant characteristics, skills and professional aptitudes, the commitment and time required and the adequacy of the remuneration for the performance of the task, in accordance with the provisions of the "Rules of conduct" (Standard Q.1.6)

c) monitoring of the concrete implementation methods of the corporate governance rules provided for by the Corporate Governance Code, to this end also examining the annual report on corporate governance and ownership structure pursuant to Article 123-bis of the Consolidated Finance Act (TUF);
d) the acknowledgement of the preparation of the Remuneration Report pursuant to Article 123-ter of the TUF and Article 84-quater of CONSOB regulation no. 11971/1999 (hereinafter "Issuers' Regulation").

The Board of Statutory Auditors, with regard to the above, reports:

- with regard to the functioning of the Board of Directors and of the Board Committees, the Board of Statutory Auditors believes that the information flows, both to the Board of Statutory Auditors and to these bodies and committees, as well as their activation and operational functionality are on the whole in line with the provisions of the corporate governance rules;
- that, to date, there have been no reports to CONSOB pursuant to Article 149, paragraph 3, of the TUF;
- that the Board has not received any complaints pursuant to Article 2408 of the Italian Civil Code;
- that, in line with the principles and recommendations of the Code of Corporate Governance (year 2020), the Board of Directors, during its meeting of July 29, 2021 approved the "*Regulation of the Board of Directors of Prima Industrie S.p.A.*" and the "*Policy for managing the dialogue with shareholders and other stakeholders of Prima Industrie S.p.A.*"; on December 17, 2021, the Board of Directors approved the "*Policy on diversity criteria for the composition of management and control bodies*";
- that the Board of Directors approved the Regulations of the Share-based Incentive Plan for the period 2021-2023 (LTI Plan, approved by the Shareholders' Meeting of April 20, 2021) and delivered it to the beneficiaries;
- that it has taken note of the Remuneration Policy, as illustrated in the Remuneration Report to which reference is made, which has not been amended or revised, and which was already approved by the Shareholders'

Meeting of April 20, 2021 for the three-year period 2021-2023, and its implementation for 2021;

3. Transactions and events with a material impact on the Company's income statement and balance sheet

The year 2021 was characterised by strong signs of economic recovery and a significant recovery in Group revenues. However, the global economy is still being slowed by the effects of pandemic restrictions, exacerbated by supply chain disruptions, rising energy and logistics costs, rising inflation and ongoing geopolitical tensions.
The Group's Industrial Plan approved for the three-year period 2021-2023 assumes a significant recovery of the reference markets and the start of a new multi-year positive cycle.
In order to achieve its objectives, the Company has adopted a new organisational model effective from April 1, 2021, which provides for central staff functions and four Business Units to overcome certain critical aspects of the pre-existing organisation such as the excessive number of hierarchical-functional levels and certain coordination difficulties. In addition, a new decision-making body GEC (Group Executive Council) consisting of permanent members and participants was introduced.

The Board of Statutory Auditors acknowledges that, prior to approval of the draft financial statements, the Directors approved the procedure and the results of the impairment tests from which no impairment losses were found.

In view of the substantial order book, business fundamentals, available cash and credit lines, the company's ability to continue as a going concern does not appear to be jeopardised.

As at December 31, 2021, the Company held 150,000 treasury shares (equal to 1.43% of the share capital). Subsequently, the company informed the market of its intention to restart the share buyback programme, in accordance with the authorisation of the Shareholders' Meeting of April 20, 2021.

With reference to the CONSOB warning issued on March 18, 2022, the Board of Statutory Auditors acknowledges that the Enterprise Risk Management (ERM) risk assessment model adopted also takes into account the analysis of the strategic plan/budget guidelines, the understanding of the reference scenario and the signs of change that characterise the market.

In the first months of 2021, an in-depth risk analysis was carried out in conjunction with the definition of the 2021-2023 industrial plans, which led to defining as risks the delay in the economic recovery and the delay in the efficiencies expected from the new organisation adopted by the Group.

In connection with the preparation of the budget for 2022, a new analysis was carried out, which showed that the lack of availability of direct materials was a significant risk, which could have an impact on the expected EBIT, reducing it by around 1.6%.

With reference to the Russia-Ukraine conflict, the Board recalls that the Group since 2010 includes the Russian company (OOO Prima Power), opened that year, which employs around 40 people, has a spare parts warehouse in Moscow and also has a modern showroom opened in 2018. Turnover in this area as at December 31, 2021 amounted to Euro 14.7 million (3.6% of Group turnover).

It is currently not possible to predict the evolution of the conflict and the economic impact of the event on the Group, despite the presence of a healthy order book.

In February 2022, the Group was the subject of a hacker attack using ransomware which mainly affected the Finnish office. Following the checks carried out, it was determined that the stolen data are not of particular significance to normal operations but will require further strengthening of IT security defences.

4. Supervision of related party transactions

The Board of Statutory Auditors, with regard to related party transactions, notes that no related party transactions of greater significance have been carried out, also with respect to the new RPT Procedure as approved by the Board of Directors at its

meeting of May 11, 2021.
The Related Party Transactions Committee met twice during the year.
The Related Party Transactions Committee met in joint session with the Board of Statutory Auditors on February 11, 2022 and March 8, 2022 to examine the main documents relating to the transaction for the transfer of the "Additive Manufacturing" business unit to the company 3D-NT S.r.l, and taking into account the determination of the exchange ratio made by the independent consultant, having acquired the Fairness Opinion prepared by another independent consultant, the Related Party Transactions Committee expressed a positive opinion on Prima Industrie's interest in the transaction, as well as the substantial correctness of the conditions under which the transaction should be concluded.
On March 14, 2022, the Board of Directors resolved to subscribe, through the contribution of the Prima Additive business unit, to the capital increase to be resolved by the associated company 3D-NT Srl, following which Prima Industrie will take control at 50.01%.
The verification of the contribution and the capital increase is entrusted to the Board of Statutory Auditors, which will be appointed at the next Shareholders' Meeting.

5. Supervision of compliance with the principles of sound administration

In order to monitor compliance with the principles of sound administration, in addition to having attended, as described above, all the meetings of the Board of Directors and the Control and Risk Committee, the Board of Statutory Auditors acknowledges:

- to have obtained during the financial year ended December 31, 2021 from the Directors, in compliance with the envisaged periodicity, the due information on the activity carried out and on the most significant financial and equity transactions resolved and carried out during the aforesaid financial year by Prima Industrie S.p.A. and its subsidiaries; these activities are described in detail in the Report on Operations and in the Explanatory Notes. On the basis of the information available to the Board of Statutory Auditors, it reasonably believes that the transactions carried out during the year complied with the law and the Articles of Association and were not manifestly imprudent, risky or in conflict with the decisions of the Shareholders' Meeting or are such as to compromise the integrity of corporate assets;

- that it has not identified the existence of atypical or unusual transactions with Group companies or third parties. Information about the risks and impact of executed transactions is provided in the Report on Operations and in the risk analysis provided in the Explanatory Notes to the Separate Financial Statements and the Consolidated Financial Statements. On the basis of the information acquired during the above-mentioned supervisory activity, the Board of Statutory Auditors can affirm that the management decisions made by the Directors were inspired by the principles of sound information and reasonableness, as they were aware of the risks and effects of the transactions carried out.

- **6. Supervision of the adequacy of the organisational structure**

The Board of Statutory Auditors has monitored aspects of the organisational structure of the Company within its remit and deems them overall to be appropriate. As part of its supervisory activities, the Board of Statutory Auditors, together with the Control and Risk Committee, shares the Supervisory Board's wish that any information flows to it, as well as to the other supervisory bodies, be prompt.

- **7. Supervision of the risk management and internal audit system, and the administrative and accounting system**

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management system and of the administrative and accounting system, as well as the latter's suitability to represent operating events, by means of:

i) examination of the positive assessment expressed by the Board of Directors on the adequacy and effective functioning of the Internal Control and Risk Management System based on the integrated ERM (Enterprise Risk Management) model;

ii) the review and comments of the Chief Financial Officer/Manager responsible for drafting the company accounting documents on the Administrative and Accounting Structure;

iii) the review and comments by the Chief Financial Officer/Manager responsible for drafting the company accounting documents on the system of internal controls over financial reporting, from which no significant deficiencies emerged;

iv) the review of the Annual Report on the Risk management and Internal audit system;

v) examination of Internal Audit reports and its periodic report on the progress of the 2021 Audit Plan, which was revised during the year to take account of new organisational changes in the Group;

vi) obtaining information from the heads of specific company departments concerned;

vii) information relations with the administrative bodies (apart from the Board of Statutory Auditors) of foreign subsidiaries pursuant to paragraphs 1 and 2 of Article 151 of the TUF;

viii) participation in the work of the Control and Risk Committee.

ix) the updating within Prima Industrie and Prima Electro of the Organisation, Management and Control Models pursuant to Legislative Decree 231/2001 to incorporate the new offences introduced by legislators and the organisational and process changes made in recent years. The internal auditor reviewed the training sessions for all staff completed by the end of 2021;

x) the appointment of the new Group CFO in the person of Marco Pintauro to replace Davide Danieli, who resigned. Mr. Pintauro is also the manager responsible for drafting the company accounting documents and for electronic storage of tax and computerised documents;

The Board of Statutory Auditors acknowledged the 2021 Audit Plan, in line with national and international best practices, prepared applying the “risk based” methodology, which was approved by the Board of Directors on March 9, 2021 and its subsequent update to take into account the organisational changes made within the Group.

Following the resignation of the Group Internal Auditor with effect from December 31, 2021, the Board of Directors of the Company, on March 14, 2022, resolved to appoint a new Head of Internal Audit, Risk and Compliance on an outsourcing basis. Considering the above, the Board of Statutory Auditors believes that overall the Prima Industrie S.p.A. internal control system is adequate.

- **8. Supervision of the statutory audit process and the independence of the audit firm**

Today, the independent auditors PwC issued the reports pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) no. 537/2014, respectively for the separate and consolidated financial statements at December 31, 2021, prepared in accordance with the IFRS as well as with the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005, as described in the Notes to the Financial Statements. These reports show that the separate and consolidated financial statements of Prima Industrie S.p.A. give a true and fair view of the financial and equity position of Prima Industrie S.p.A. and the Prima Industrie Group as at December 31, 2021, of the results of operations and of cash flows for the year then ended.

The separate financial statements of Prima Industrie S.p.A. as at December 31, 2021 have been prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815.

The Group's consolidated financial statements for the year ended December 31, 2021 have been prepared in XHTML format and have been marked in all material respects in accordance with the provisions of Delegated Regulation (EU) 2019/815. The statutory auditors have issued their opinion on compliance with the provisions of the ESEF Regulation, as required by the international auditing standard ISA Italia 700.

With reference to the separate and consolidated financial statements, the independent auditors declared that the Report on Operations and the Report on Corporate Governance and Ownership Structure, limited to the information indicated in Article 123-bis, paragraph 4, of the TUF, are consistent with the financial statements and have been prepared in accordance with the law.

In addition, the independent auditors, with reference to the statement required by Article 14, Section 2, Letter e), of Legislative Decree No. 39, of January 27, 2010, concerning the identification of material misstatements in the Report on Operations, based on their knowledge and understanding of the Company and its context, obtained in the course of their audit, stated that they had nothing to report.
Lastly, the independent auditors PwC issued the Additional Report for the Internal Control and Audit Committee pursuant to Article 11 of Regulation (EU) No. 537/2014, the contents of which, with regard to the financial statements to which this report refers, are consistent with those of the aforementioned independent auditors.
The Board of Statutory Auditors acknowledged the contents of the Supplementary Report issued by the Independent Auditors without any remarks or requests for information. This report will be forwarded to the Board of Directors, together with any observations made by the Board of Statutory Auditors.
The Board of Statutory Auditors monitored compliance with the provisions set forth in Legislative Decree no. 254, of December 30, 2016, regarding non-financial and diversity disclosures. In this regard, having verified that the Board of Directors approved the Non-Financial Statement, the independent auditors PwC issued, as specified in the aforementioned audit report, a special report pursuant to Article 3, paragraph 10, of Legislative Decree no. 254, of December 30, 2016, and Article 5 of CONSOB Implementing Regulation No. 20267, of January 18, 2018.

As already mentioned, the Board of Statutory Auditors held periodic meetings with the Independent Auditors, also pursuant to Article 150, paragraph 3, of the TUF and Article 19, paragraph 1, of Legislative Decree no. 39/2010, during which no facts or situations emerged that need to be highlighted in this Report.

The Board of Statutory Auditors, in light also of the in-depth studies carried out and the discussions held with the independent auditor, believes that the process of preparing the financial statements was on the whole correct and that the accounting principles were applied correctly.
The Notes to the Company's separate financial statements include a schedule of costs and fees for the year recognised to the independent auditors PwC and the

entities belonging to its network, pursuant to Article 149 of the Issuers' Regulation, including "other services" provided to Prima Industrie S.p.A..

Taking into account the declarations of independence issued by PwC, more precisely the "Annual confirmation of independence pursuant to Article 6, paragraph 2), letter a) of European Regulation no. 537/2014 and pursuant to paragraph 17 of International Auditing Standard (ISA Italia) 260", and the transparency report published by the same pursuant to Article 13 of European Regulation no. 537/2014, as well as the assignments conferred to the same by Prima Industrie S.p.A. and the Prima Industrie Group companies, the Board of Statutory Auditors does not believe that there are any critical aspects regarding the auditor's independence.

- **9. Audit of the Annual Financial Statements**

The Board of Statutory Auditors has audited compliance with the rules governing the preparation of Prima Industrie S.p.A.'s separate financial statements and the Group's consolidated financial statements as at December 31, 2021, and has acknowledged the statement by the relevant bodies that the separate and consolidated financial statements have been prepared in accordance with IAS/IFRS international accounting standards and the related interpretative standards and that the Company has applied the requirements established by CONSOB with regard to financial statement formats and corporate disclosures.
The Board of Statutory Auditors notes that the consolidated and separate financial statements were prepared on a going concern basis, since the Directors concluded that any problems concerning the Group's ability to meet its obligations in the foreseeable future and, more specifically, over the next 12 months, represent remote risks and, consequently, have been assessed as not material.

With regard to the timing for the preparation of the documents that make up the financial statements, the Board of Statutory Auditors notes that they were approved during the Board of Directors' meeting of March 14, 2022 and transmitted at the same time.

Moreover, before the date of approval of the financial statement documentation by the Board of Directors, the Board of Statutory Auditors acquired information on the impairment test process, also through a joint meeting with the Control and Risk Committee in which the Manager responsible for drafting the company accounting documents of Prima Industrie S.p.A. and the auditing company took part, as well as on the issues highlighted.

In light of the in-depth analyses carried out and the discussions with the auditor, the Board of Statutory Auditors believes that the procedure for preparing the financial statements and presenting them to the Shareholders' Meeting was correct overall. The Board of Statutory Auditors also notes that no exceptions to the accounting principles adopted have been declared.

The Board also acknowledges that it has verified the compliance of the Consolidated Non-Financial Statement with the legal provisions of Legislative Decree no. 254/2016 including the amendments made by Article 1, paragraph 1073, of Law no. 145/2018. In this regard, having verified the Board of Directors' approval of the Non-Financial Statement, the auditing firm PwC issued a specific report on today's date.

- **10. Procedures for the concrete implementation of corporate governance rules**

On the basis of the information acquired, the Board of Statutory Auditors reports on the adjustment of the Company's corporate governance structure to implement the codes of conduct with which the Company has declared to comply.
The Board of Statutory Auditors has verified that the Annual Report on Corporate Governance has been prepared in accordance with the provisions of Article 123-bis of the TUF, and in particular that the obligation to inform the market of its degree of adherence to the Corporate Governance Code pursuant to Article 89-bis of the Issuers' Regulations has been fulfilled.

- **11. Opinions of the Board of Statutory Auditors**

During the financial year ended December 31, 2021, the Board of Statutory Auditors issued, among others, the following opinions:

- opinion on the appointment of the new Manager responsible for drafting the company accounting documents;
- favourable opinion on the appointment of PricewaterhouseCoopers Zhong Tian LLP, Suzhou Branch, to carry out agreed audit procedures on Chinese companies.

As a result of the supervisory activity performed during the year and described above, from which no omissions or reprehensible facts emerged, the Board of Statutory Auditors has no observations to report to the Shareholders' Meeting pursuant to Article 153 of the TUF.

- **12. Conclusions**

The Board of Statutory Auditors, in the light of the above, in consideration of the legal audit of the accounts carried out by the auditing firm PricewaterhouseCoopers S.p.A., to the extent of its competence, deems the financial statements of Prima Industrie S.p.A. for the year ended December 31, 2021 as well as the proposal formulated by the Board of Directors to cover the loss for the year of Euro 3,622,760 through the use of the Extraordinary Reserve and the distribution of a dividend of Euro 0.40 per share through the use of reserves of prior profits to be approved.
At the end of its term of office, the Board of Auditors would like to thank you for the trust you have placed in it.
Turin, March 31, 2022

The Board of Statutory Auditors

Franco Nada

Chairman

PRIMA INDUSTRIE GROUP

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REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED December 31, 2021

To the Shareholders of Prima Industrie S.p.A.,

The Board of Directors of your company has prepared and approved the consolidated financial statements as at December 31, 2021, in accordance with Italian Legislative Decree no. 127, of April 9, 1991, and with the provisions of Article 9 of Italian Legislative Decree no. 38, of February 28, 2005, which were presented to the Board meeting held on March 14, 2022.

The Group Consolidated Financial Statements include the statement by the Chairman and the Manager responsible for drafting the accounting documents pursuant to Article 154-bis of Italian Legislative Decree no. 58, of February 24, 1998.

The Consolidated Financial Statements of the Prima Industrie Group, which are available for your examination, present a profit of Euro 8,025,000, of which Euro 7,798,000 are attributable to the shareholders of the parent company and Euro 227,000 to the minority shareholders and are drafted according to International Accounting Standards (IAS/IFRS).

The Group's consolidated financial statements for the year ended December 31, 2021 have been prepared in XHTML format and have been marked in all material respects in accordance with the provisions of Delegated Regulation (EU) 2019/815.
The statutory auditors have issued their opinion on compliance with the provisions of the ESEF Regulation, as required by the international auditing standard ISA Italia 700

In the course of the year, we have carried out the supervisory activities required by law, and were regularly informed by the parent company's Board of Directors of major economic, financial and equity transactions, including extraordinary operations, performed as part of Group relations.

We ascertained that the transactions that were resolved and put into effect conformed to legislative requirements and to the Articles of Association, that they did not diverge from the resolutions of the Shareholders' Meetings, that they showed no potential conflict of interest and were based on principles of sound administration.

We paid attention to intragroup operations carried out during the year and ascertained that these were conducted legitimately.

We acknowledge that, prior to approval of the draft financial statements, the Directors approved the procedure and the results of the impairment tests from which no impairment losses were found.

Audits by the independent auditors, PricewaterhouseCoopers SpA reveal that the values expressed in the consolidated statements correspond to the results of the parent company, to the financial statements of the subsidiaries and to all relevant information formally passed on by them.
The Board of Auditors, therefore, did not check these financial statements, in accordance with the provisions of Article 41, paragraph 3 of Italian Legislative Decree no. 127, of 9 April 1991.

Furthermore, we obtained from the independent auditors a copy of the report on the consolidated financial statements, which it issued on March 30, 2022 in accordance with Articles 14 and 16 of Italian Legislative Decree no. 39, of January 27, 2010, with nothing of any particular significance being raised. In its own report, the independent auditors confirmed the accuracy of the Report on Operations in relation to the Consolidated Financial Statements of Prima Industrie SpA and the information disclosed in accordance with Article 123-bis of Italian Legislative Decree no. 58, of February 24, 1998, in the report on Corporate Governance and Ownership Structure.

The area of consolidation, the principles for equity consolidation and relevant procedures were all determined in accordance with IFRS rules. The structure of the consolidated financial statements can therefore be considered technically correct and fully conformant to specific regulations.

The consolidated financial statements were prepared on the basis of the going concern principle, as it is reasonable to expect that the Prima Industrie Group will continue its business in the foreseeable future.

As in previous years, its Board of Directors has prepared a single Report on Operations in which all the required information has been jointly provided with regard to both the parent company and the individual subsidiaries.

The report illustrates the economic, equity and financial position of all consolidated companies, their operating performance during 2021, the main risks to which the business is exposed and the expected developments for 2022.

Having examined this report, we confirm that it corresponds to the Group's consolidated financial statements.

The Explanatory Notes to the consolidated financial statements contain the general drafting criteria for the Financial Statements, as well as the criteria used for assessing individual items.

For comparative purposes, the Consolidated Financial Statements also present the data corresponding to the previous year.

Based on our supervisory activities, the Board of Statutory Auditors agrees with the content and form of the Group Consolidated Financial Statements as at December 31, 2021.

Turin, March 31, 2022

The Board of Statutory Auditors

Franco Nada

Chairman

PRIMA INDUSTRIE

www.primaindustrie.com