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Endurance Amann GmbH
Massenbachhausen/Germany

Management report and annual financial
statements for the financial year
from 1 April 2020 to 31 March 2021

TRANSLATION
– German version prevails –

Endurance Amann GmbH, Massenbachhausen/Germany

Management report for the financial year 2020/2021

General business conditions and environment

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

In the calendar year 2020, due to the Covid-19 crisis, the German economy recorded a decrease in the gross domestic product of -5.0% (prior year: +0.6%) and the automotive market recorded a slump of -23.7%.

Business trend and financial performance

In the financial year 2020/2021, the revenue of the Company was at kEUR 43,163, which is a 11.3% decrease from the prior year. The decrease is due to lower revenue generated from moulds. The Company continues to focus on improving quality and cost control and on effective management of inventory levels of raw materials and finished goods.

In relation to revenue, cost of raw materials, consumables and supplies decreased from 42.2% to 39.7%, which is attributable to the product mix.

Personnel expenses declined due to the short-time working scheme that was applied over the year.

Depreciation has been adapted to match the longer useful lives of the new machines and therefore declined by 25.6%.

The other operating expenses decreased by 16% as a result of the lockdown seen in the spring of 2020 and the related savings that were introduced.

The operating result (EBIT) amounts to kEUR 3,108 compared to EBIT of kEUR 2,297 in the prior year. Having taken into account interest received and paid and income taxes, the profit for the financial year 2020/2021 totals kEUR 2,041 compared to a profit for the prior year of kEUR 1,621.

The EBIT return on revenue reported a positive recovery amounting to 7.2% compared to a return on revenue of 4.7% in the prior year.

Assets, liabilities and financial position

Due to amortisation, depreciation and write-downs, the balance sheet total decreased to kEUR 58,337 (prior year: kEUR 61,364). Therefore, the property, plant and equipment to total assets ratio slightly declined to 45.5% (prior year: 47.1%). Overall, the structure of the balance sheet remained constant. The Company's cash position in the financial year 2020/2021 was satisfactory.

The increase in receivables from affiliated companies is based on a higher balance in the cash pool account. At the same time, cash and cash equivalents recorded a corresponding decrease. The decline in other assets is attributable to the excess of advance tax payments carried in the prior year being refunded.

Equity increased for earnings-related reasons. Prior-year net retained profits were fully allocated to revenue reserves. The equity ratio rose to 69.1% (prior year: 62.4%).

Provisions declined because transactions recognised in the prior year have been settled.

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

The decrease in trade payables results from the postponement of payments as at the prior year's balance sheet date due to the uncertain effects from the Covid-lockdown.

Capital investments and financing

In the reporting year, the Company invested kEUR 1,026 in property, plant and equipment (prior year: kEUR 7,443). These capital investments mainly related to plants in mechanical production.

The leasing expenses for machinery and motor vehicles incurred in the financial year 2020/2021 amounted to kEUR 63 (prior year: kEUR 72). The Company is financed through own funds and through long- and short-term bank loans.

Number of employees

In the reporting year, the permanent workforce included an average of 216 employees. The number of apprentices was at 9 on the annual average.

In 2021/22, new staff is intended to be recruited in the mechanical production, quality assurance and foundry functions. The Company seeks to continuously raise productivity through internal and external staff training.

Risk report

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

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

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

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

Liquidity is controlled within the framework of short- and medium-term budgetary planning. Apart from unforeseeable circumstances, the Company anticipates that, based on the budgetary planning for 2021/2022, it will be able to finance budgeted capital investments of kEUR 8,977 through cash flows from operating activities.

Our Company is affected by normal price risks, especially in the area of aluminium procurement. There are no currency hedges or long-term supply contracts.

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

Implementing the current planning may be subject to influences from the Covid-19 pandemic and the delivery shortages on the semiconductor market. It cannot be precluded that this will impact on our financial position and financial performance.

Outlook

In the calendar year 2021, a minor recovery of the German gross domestic product of presently 3.1% compared to the prior year is expected, with growth of 10.2% being expected for the automotive market.

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

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

In 2021/2022, the Company plans for capital investments that will comprise the realisation of new product lines for the new customer projects but also an expansion of the foundry capacities of the larger locking force classes.

For the financial year 2021/2022, we expect revenue growth of 13%. With a slightly higher cost of materials to revenue ratio and somewhat higher labour cost, the upcoming financial year is anticipated to come to a result for the year at the level of the financial year 2019/2020.

Endurance Amann GmbH, Massenbachhausen/Germany

Balance sheet as at 31 March 2021

ASSETS	EUR	31 Mar. 2021 EUR	31 Mar. 2020 kEUR
A. Fixed assets			
I. Intangible fixed assets			
Software and licences acquired for a consideration		161,928.00	133
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	10,455,949.58		10,861
2. Technical equipment and machinery	13,107,419.00		8,071
3. Other equipment, operating and office equipment	1,702,366.00		1,875
4. Prepayments and assets under construction	1,306,391.56		8,099
		26,572,126.14	28,906
III. Long-term financial assets			
Shares in affiliated companies		4,616,000.00	4,616
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	4,774,654.26		4,082
2. Work in progress	2,141,248.41		2,244
3. Finished goods	952,096.60		1,464
4. Prepayments made	1,685,004.63		1,740
		9,553,003.90	9,530
II. Receivables and other current assets			
1. Trade receivables	5,185,788.91		5,558
2. Receivables from affiliated companies	7,006,124.47		5,257
3. Other assets	439,796.45		1,378
		12,631,709.83	12,193
III. Cash-in-hand and bank balances		4,576,191.42	5,837
C. Prepaid expenses		225,975.17	149
		58,336,934.46	61,364

EQUITY AND LIABILITIES	EUR	31 Mar. 2021 EUR	31 Mar. 2020 kEUR
A. Equity			
I. Subscribed capital			
1. Subscribed capital	3,250,000.00		3,250
2. Treasury shares acquired	200,000.00		200
		3,050,000.00	3,050
II. Capital reserves		13,456,642.31	13,457
III. Revenue reserves			
Other revenue reserves		21,768,953.73	20,148
IV. Profit for the year		2,040,851.24	1,621
		40,316,447.28	38,276
B. Provisions			
Other provisions		7,258,263.32	9,013
C. Liabilities			
1. Liabilities to banks	5,785,707.00		6,871
2. Trade payables	3,366,213.82		6,057
3. Liabilities to affiliated companies	440,324.58		0
4. Other liabilities	1,169,978.46		1,147
- of which taxes: EUR 476,667.44 (prior year: kEUR 378)			
- of which relating to social security and similar obligations: EUR 45,073.87 (prior year: kEUR 31)			
		10,762,223.86	14,075
		58,336,934.46	61,364

Endurance Amann GmbH, Massenbachhausen/Germany

Statement of profit and loss
for the period from 1 April 2020 to 31 March 2021

		2020/2021 EUR	2020/2021 EUR	2019/2020 kEUR
1.	Revenue	43,163,317.32		48,636
2.	Decrease (-) in finished goods inventories and work in progress	-614,807.56		-41
3.	Other operating income	34,704.51		149
			42,583,214.27	48,744
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies	17,127,921.83		20,516
	b) Cost of purchased services	4,852,120.79		5,305
			21,980,042.62	25,821
5.	Personnel expenses			
	a) Wages and salaries	7,808,653.19		8,831
	b) Social security, post-employment and other personnel expenses	1,663,461.61		1,744
			9,472,114.80	10,575
	- of which post-employment costs: EUR 18,533.98 (prior year: kEUR 20)			
6.	Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of property, plant and equipment		3,295,433.47	4,427
7.	Other operating expenses		4,697,638.49	5,593
8.	Other interest and similar income		16,223.04	18
	- of which from affiliated companies: EUR 16,223.04 (prior year: kEUR 18)			
9.	Interest and similar expenses		221,928.47	75
			2,932,279.46	2,271
10.	Income taxes		861,053.50	620
11.	Earnings after taxes		2,071,225.96	1,651
12.	Other taxes		30,374.72	30
13.	Profit for the year		2,040,851.24	1,621

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

Notes to the financial statements for the financial year 2020/2021

General information

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

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

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

Accounting and valuation principles

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

Intangible fixed assets acquired for a consideration have been accounted for at acquisition cost and are amortised on a straight-line basis over the useful life.

Property, plant and equipment have been recognised at acquisition cost, with depreciable assets being depreciated. Items of property, plant and equipment are depreciated on a straight-line basis based on their expected useful life, which is derived from the German tax depreciation tables. Assets with an individual net value of up to EUR 800.00 are fully depreciated in the year of acquisition. Additions to property, plant and equipment are depreciated on a pro rata basis. As a result of the present conditions, the useful life of newer production machines was extended in the financial year.

Shares in affiliated companies are recognised at acquisition cost.

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

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

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

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

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

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

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

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

Cash and cash equivalents have been recognised at nominal value. These include cash-in-hand and bank balances

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

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

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

Liabilities have been recognised at settlement value.

Differences between the values recognised under German commercial law and tax law are recognised under provisions. This results in deferred tax assets. They are determined using the specific tax rates of the Company. The Company exercised the option as conferred under Sec. 274 HGB.

Notes to the balance sheet

Fixed assets

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

Receivables and other current assets

Like in the prior year, all trade receivables and other assets have a residual term of less than one year. Receivables from affiliated companies include cash pooling receivables of kEUR 4,004 (prior year: kEUR 2,257) and a loan granted to Endurance Overseas of kEUR 3,000 (prior year: kEUR 3,000).

Equity

The issued capital of the Company amounts to kEUR 3,250. The shareholder is Endurance Technologies Ltd., Aurangabad/India. It holds shares with a nominal value of kEUR 3,050. Shares with a nominal value of kEUR 200 are held by the Company itself.

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

Other provisions

Provisions primarily comprise variable salary components (kEUR 548), warranty risks (kEUR 211), credit notes to be issued and tool cost allowances (kEUR 4,632) as well as outstanding invoices (kEUR 1,286).

Liabilities

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

	31 Mar. 2021				31 Mar. 2020			
	Residual term of up to 1 year	Residual term of more than 1 year	of which residual term of more than 5 years	Total	Residual term of up to 1 year	Residual term of more than 1 year	of which residual term of more than 5 years	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1. Liabilities to banks	1,085.7	4,700.0	1,357.1	5,785.7	1,085.7	5,785.7	1,642.8	6,871.4
2. Trade payables	3,366.2			3,366.2	6,056.7			6,056.7
3. Liabilities to affiliated companies	440.3			440.3	0.0			0.0
4. Other liabilities	1,170.0			1,170.0	1,147.1			1,147.1
- of which taxes	476.7			476.7	377.8			377.8
- of which relating to social security and similar obligations	45.1			45.1	31.3			31.3

There are the following collaterals for liabilities to banks:

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

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

Other financial commitments as at 31 Mar. 2021:

	31 Mar. 2021			
	Total	Of which with a residual term of		
		up to 1 year	between 1 and 5 years	more than 5 years
	kEUR	kEUR	kEUR	kEUR
Rental agreements and leases	409	116	293	-

Notes to off-balance-sheet transactions

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

Overall, the financial effects are immaterial.

Notes to the statement of profit and loss

Revenue	**2020/2021 kEUR**	**2019/2020 kEUR**
Aluminium pressure die casting	36,886	35,988
Zinc pressure die casting	189	261
Moulds	5,805	11,989
Other	404	444
	43,284	48,682
Sales deductions	-121	-46
	43,163	**48,636**

Revenue is almost exclusively realised in Germany.

Other revenue mainly relates to income from scrap sales.

Other disclosures

Number of employees

The average headcount during the reporting year was:

	2020/2021	2019/2020
Industrial employees	165	168
Salaried employees	51	55
	216	223
Apprentices	9	10
	225	233

Management

In the reporting year, management functions were performed by:

- Mr Rinze Dijkstra

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

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

Advisory board

The members of the advisory board are:

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

The total emoluments paid to the advisory board for the financial year 2020/2021 amounted to kEUR 0.

Audit and consulting fees

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

	kEUR
Audit services	27
Other assurance services	34
Tax consultancy	9
Total	70

Related party transactions

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

Group affiliation

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

Subsequent events

There were no major post-balance-sheet-date events which have been taken into account neither in the statement of profit and loss nor in the balance sheet.

Proposed appropriation of profits

Management proposes (in conformity with the advisory board) to carry forward onto new account the profit for the year of EUR 2,040,851.24.

Massenbachhausen/Germany, 12 May 2021

– The General Management –

Endurance Amann GmbH, Massenbachhausen/Germany

Movements in fixed assets in the financial year 2020/2021
(Figures in EUR)

	Acquisition cost 1 Apr. 2020	Addition	Reclassifications	Disposal	Acquisition cost 31 Mar. 2021	Accumulated amortisation/ depreciation/ write-downs 1 Apr. 2020	Addition	Disposal	Accumulated amortisation/ depreciation/ write-downs 31 Mar. 2021	Book value 31 Mar. 2021	Book value 31 Mar. 2020
I. Intangible fixed assets											
1. Software and licences acquired for a consideration	291,469.64	83,429.77		46,257.74	328,641.67	158,168.64	54,802.77	46,257.74	166,713.67	161,928.00	133,301.00
2. Customer list and similar rights	8,709,322.00			8,709,322.00	0.00	8,709,322.00		8,709,322.00	0.00	0.00	0.00
3. Goodwill	6,871,591.00			6,871,591.00	0.00	6,871,591.00		6,871,591.00	0.00	0.00	0.00
	15,872,382.64	83,429.77	0.00	15,627,170.74	328,641.67	15,739,081.64	54,802.77	15,627,170.74	166,713.67	161,928.00	133,301.00
II. Property, plant and equipment											
1. Land and buildings including buildings on third-party land	12,149,248.96				12,149,248.96	1,288,105.38	405,194.00		1,693,299.38	10,455,949.58	10,861,143.58
2. Technical equipment and machinery	26,632,279.62	96,389.72	7,427,769.24	286,944.07	33,869,494.51	18,561,470.62	2,377,957.96	177,353.07	20,762,075.51	13,107,419.00	8,070,809.00
3. Other equipment, operating and office equipment	5,089,197.00	293,732.74		175,516.04	5,207,413.70	3,213,750.00	457,478.74	166,181.04	3,505,047.70	1,702,366.00	1,875,447.00
4. Prepayments and assets under construction	8,098,690.15	635,470.65	-7,427,769.24		1,306,391.56	0.00			0.00	1,306,391.56	8,098,690.15
	51,969,415.73	1,025,593.11	0.00	462,460.11	52,532,548.73	23,063,326.00	3,240,630.70	343,534.11	25,960,422.59	26,572,126.14	28,906,089.73
III. Long-term financial assets											
Shares in affiliated companies	4,616,000.00				4,616,000.00	0.00			0.00	4,616,000.00	4,616,000.00
	4,616,000.00	0.00	0.00	0.00	4,616,000.00	0.00	0.00	0.00	0.00	4,616,000.00	4,616,000.00
	72,457,798.37	1,109,022.88	0.00	16,089,630.85	57,477,190.40	38,802,407.64	3,295,433.47	15,970,704.85	26,127,136.26	31,350,054.14	33,655,390.73

INDEPENDENT AUDITOR'S REPORT

To Endurance Amann GmbH, Massenbachhausen/Germany

Audit Opinions

We have audited the annual financial statements of Endurance Amann GmbH, Massenbachhausen/Germany, which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss for the financial year from 1 April 2020 to 31 March 2021, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Endurance Amann GmbH, Massenbachhausen/Germany, for the financial year from 1 April 2020 to 31 March 2021.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2021 and of its financial performance for the financial year from 1 April 2020 to 31 March 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Audit Opinions

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

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

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

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

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

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

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

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

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

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

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

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

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Mannheim/Germany, 17 May 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

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

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

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1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

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Allgemeine Auftragsbedingungen
für
Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften
vom 1. Januar 2017

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1. Geltungsbereich

(1) Die Auftragsbedingungen gelten für Verträge zwischen Wirtschaftsprüfern oder Wirtschaftsprüfungsgesellschaften (im Nachstehenden zusammenfassend „Wirtschaftsprüfer" genannt) und ihren Auftraggebern über Prüfungen, Steuerberatung, Beratungen in wirtschaftlichen Angelegenheiten und sonstige Aufträge, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

(2) Dritte können nur dann Ansprüche aus dem Vertrag zwischen Wirtschaftsprüfer und Auftraggeber herleiten, wenn dies ausdrücklich vereinbart ist oder sich aus zwingenden gesetzlichen Regelungen ergibt. Im Hinblick auf solche Ansprüche gelten diese Auftragsbedingungen auch diesen Dritten gegenüber.

2. Umfang und Ausführung des Auftrags

(1) Gegenstand des Auftrags ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsmäßiger Berufsausübung ausgeführt. Der Wirtschaftsprüfer übernimmt im Zusammenhang mit seinen Leistungen keine Aufgaben der Geschäftsführung. Der Wirtschaftsprüfer ist für die Nutzung oder Umsetzung der Ergebnisse seiner Leistungen nicht verantwortlich. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrags sachverständiger Personen zu bedienen.

(2) Die Berücksichtigung ausländischen Rechts bedarf – außer bei betriebswirtschaftlichen Prüfungen – der ausdrücklichen schriftlichen Vereinbarung.

(3) Ändert sich die Sach- oder Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Wirtschaftsprüfer nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen.

3. Mitwirkungspflichten des Auftraggebers

(1) Der Auftraggeber hat dafür zu sorgen, dass dem Wirtschaftsprüfer alle für die Ausführung des Auftrags notwendigen Unterlagen und weiteren Informationen rechtzeitig übermittelt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrags von Bedeutung sein können. Dies gilt auch für die Unterlagen und weiteren Informationen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden. Der Auftraggeber wird dem Wirtschaftsprüfer geeignete Auskunftspersonen benennen.

(2) Auf Verlangen des Wirtschaftsprüfers hat der Auftraggeber die Vollständigkeit der vorgelegten Unterlagen und der weiteren Informationen sowie der gegebenen Auskünfte und Erklärungen in einer vom Wirtschaftsprüfer formulierten schriftlichen Erklärung zu bestätigen.

4. Sicherung der Unabhängigkeit

(1) Der Auftraggeber hat alles zu unterlassen, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährdet. Dies gilt für die Dauer des Auftragsverhältnisses insbesondere für Angebote auf Anstellung oder Übernahme von Organfunktionen und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

(2) Sollte die Durchführung des Auftrags die Unabhängigkeit des Wirtschaftsprüfers, die der mit ihm verbundenen Unternehmen, seiner Netzwerkunternehmen oder solcher mit ihm assoziierten Unternehmen, auf die die Unabhängigkeitsvorschriften in gleicher Weise Anwendung finden wie auf den Wirtschaftsprüfer, in anderen Auftragsverhältnissen beeinträchtigen, ist der Wirtschaftsprüfer zur außerordentlichen Kündigung des Auftrags berechtigt.

5. Berichterstattung und mündliche Auskünfte

Soweit der Wirtschaftsprüfer Ergebnisse im Rahmen der Bearbeitung des Auftrags schriftlich darzustellen hat, ist alleine diese schriftliche Darstellung maßgebend. Entwürfe schriftlicher Darstellungen sind unverbindlich. Sofern nicht anders vereinbart, sind mündliche Erklärungen und Auskünfte des Wirtschaftsprüfers nur dann verbindlich, wenn sie schriftlich bestätigt werden. Erklärungen und Auskünfte des Wirtschaftsprüfers außerhalb des erteilten Auftrags sind stets unverbindlich.

6. Weitergabe einer beruflichen Äußerung des Wirtschaftsprüfers

(1) Die Weitergabe beruflicher Äußerungen des Wirtschaftsprüfers (Arbeitsergebnisse oder Auszüge von Arbeitsergebnissen – sei es im Entwurf oder in der Endfassung) oder die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, es sei denn, der Auftraggeber ist zur Weitergabe oder Information aufgrund eines Gesetzes oder einer behördlichen Anordnung verpflichtet.

(2) Die Verwendung beruflicher Äußerungen des Wirtschaftsprüfers und die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber zu Werbezwecken durch den Auftraggeber sind unzulässig.

7. Mängelbeseitigung

(1) Bei etwaigen Mängeln hat der Auftraggeber Anspruch auf Nacherfüllung durch den Wirtschaftsprüfer. Nur bei Fehlschlagen, Unterlassen bzw. unberechtigter Verweigerung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung kann er die Vergütung mindern oder vom Vertrag zurücktreten; ist der Auftrag nicht von einem Verbraucher erteilt worden, so kann der Auftraggeber wegen eines Mangels nur dann vom Vertrag zurücktreten, wenn die erbrachte Leistung wegen Fehlschlagens, Unterlassung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.

(2) Der Anspruch auf Beseitigung von Mängeln muss vom Auftraggeber unverzüglich in Textform geltend gemacht werden. Ansprüche nach Abs. 1, die nicht auf einer vorsätzlichen Handlung beruhen, verjähren nach Ablauf eines Jahres ab dem gesetzlichen Verjährungsbeginn.

(3) Offenbare Unrichtigkeiten, wie z.B. Schreibfehler, Rechenfehler und formelle Mängel, die in einer beruflichen Äußerung (Bericht, Gutachten und dgl.) des Wirtschaftsprüfers enthalten sind, können jederzeit vom Wirtschaftsprüfer auch Dritten gegenüber berichtigt werden. Unrichtigkeiten, die geeignet sind, in der beruflichen Äußerung des Wirtschaftsprüfers enthaltene Ergebnisse infrage zu stellen, berechtigen diesen, die Äußerung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der Auftraggeber vom Wirtschaftsprüfer tunlichst vorher zu hören.

8. Schweigepflicht gegenüber Dritten, Datenschutz

(1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze (§ 323 Abs. 1 HGB, § 43 WPO, § 203 StGB) verpflichtet, über Tatsachen und Umstände, die ihm bei seiner Berufstätigkeit anvertraut oder bekannt werden, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet.

(2) Der Wirtschaftsprüfer wird bei der Verarbeitung von personenbezogenen Daten die nationalen und europarechtlichen Regelungen zum Datenschutz beachten.

9. Haftung

(1) Für gesetzlich vorgeschriebene Leistungen des Wirtschaftsprüfers, insbesondere Prüfungen, gelten die jeweils anzuwendenden gesetzlichen Haftungsbeschränkungen, insbesondere die Haftungsbeschränkung des § 323 Abs. 2 HGB.

(2) Sofern weder eine gesetzliche Haftungsbeschränkung Anwendung findet noch eine einzelvertragliche Haftungsbeschränkung besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schäden aus der Verletzung von Leben, Körper und Gesundheit, sowie von Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen, bei einem fahrlässig verursachten einzelnen Schadensfall gemäß § 54a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt.

(3) Einreden und Einwendungen aus dem Vertragsverhältnis mit dem Auftraggeber stehen dem Wirtschaftsprüfer auch gegenüber Dritten zu.

(4) Leiten mehrere Anspruchsteller aus dem mit dem Wirtschaftsprüfer bestehenden Vertragsverhältnis Ansprüche aus einer fahrlässigen Pflichtverletzung des Wirtschaftsprüfers her, gilt der in Abs. 2 genannte Höchstbetrag für die betreffenden Ansprüche aller Anspruchsteller insgesamt.

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(5) Ein einzelner Schadensfall im Sinne von Abs. 2 ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfasst sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schäden in einem oder in mehreren aufeinanderfolgenden Jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen. In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. € in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht bei gesetzlich vorgeschriebenen Pflichtprüfungen.

(6) Ein Schadensersatzanspruch erlischt, wenn nicht innerhalb von sechs Monaten nach der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde. Dies gilt nicht für Schadensersatzansprüche, die auf vorsätzliches Verhalten zurückzuführen sind, sowie bei einer schuldhaften Verletzung von Leben, Körper oder Gesundheit sowie bei Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen. Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt.

10. Ergänzende Bestimmungen für Prüfungsaufträge

(1) Ändert der Auftraggeber nachträglich den durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschluss oder Lagebericht, darf er diesen Bestätigungsvermerk nicht weiterverwenden.

Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, so ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.

(2) Widerruft der Wirtschaftsprüfer den Bestätigungsvermerk, so darf der Bestätigungsvermerk nicht weiterverwendet werden. Hat der Auftraggeber den Bestätigungsvermerk bereits verwendet, so hat er auf Verlangen des Wirtschaftsprüfers den Widerruf bekanntzugeben.

(3) Der Auftraggeber hat Anspruch auf fünf Berichtsausfertigungen. Weitere Ausfertigungen werden besonders in Rechnung gestellt.

11. Ergänzende Bestimmungen für Hilfeleistung in Steuersachen

(1) Der Wirtschaftsprüfer ist berechtigt, sowohl bei der Beratung in steuerlichen Einzelfragen als auch im Falle der Dauerberatung die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig und vollständig zugrunde zu legen; dies gilt auch für Buchführungsaufträge. Er hat jedoch den Auftraggeber auf von ihm festgestellte Unrichtigkeiten hinzuweisen.

(2) Der Steuerberatungsauftrag umfasst nicht die zur Wahrung von Fristen erforderlichen Handlungen, es sei denn, dass der Wirtschaftsprüfer hierzu ausdrücklich den Auftrag übernommen hat. In diesem Fall hat der Auftraggeber dem Wirtschaftsprüfer alle für die Wahrung von Fristen wesentlichen Unterlagen, insbesondere Steuerbescheide, so rechtzeitig vorzulegen, dass dem Wirtschaftsprüfer eine angemessene Bearbeitungszeit zur Verfügung steht.

(3) Mangels einer anderweitigen schriftlichen Vereinbarung umfasst die laufende Steuerberatung folgende, in die Vertragsdauer fallenden Tätigkeiten:

a) Ausarbeitung der Jahressteuererklärungen für die Einkommensteuer, Körperschaftsteuer und Gewerbesteuer sowie der Vermögensteuererklärungen, und zwar auf Grund der vom Auftraggeber vorzulegenden Jahresabschlüsse und sonstiger für die Besteuerung erforderlicher Aufstellungen und Nachweise

b) Nachprüfung von Steuerbescheiden zu den unter a) genannten Steuern

c) Verhandlungen mit den Finanzbehörden im Zusammenhang mit den unter a) und b) genannten Erklärungen und Bescheiden

d) Mitwirkung bei Betriebsprüfungen und Auswertung der Ergebnisse von Betriebsprüfungen hinsichtlich der unter a) genannten Steuern

e) Mitwirkung in Einspruchs- und Beschwerdeverfahren hinsichtlich der unter a) genannten Steuern.

Der Wirtschaftsprüfer berücksichtigt bei den vorgenannten Aufgaben die wesentliche veröffentlichte Rechtsprechung und Verwaltungsauffassung.

(4) Erhält der Wirtschaftsprüfer für die laufende Steuerberatung ein Pauschalhonorar, so sind mangels anderweitiger schriftlicher Vereinbarungen die unter Abs. 3 Buchst. d) und e) genannten Tätigkeiten gesondert zu honorieren.

(5) Sofern der Wirtschaftsprüfer auch Steuerberater ist und die Steuerberatervergütungsverordnung für die Bemessung der Vergütung anzuwenden ist, kann eine höhere oder niedrigere als die gesetzliche Vergütung in Textform vereinbart werden.

(6) Die Bearbeitung besonderer Einzelfragen der Einkommensteuer, Körperschaftsteuer, Gewerbesteuer, Einheitsbewertung und Vermögensteuer sowie aller Fragen der Umsatzsteuer, Lohnsteuer, sonstigen Steuern und Abgaben erfolgt auf Grund eines besonderen Auftrags. Dies gilt auch für

a) die Bearbeitung einmalig anfallender Steuerangelegenheiten, z.B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrsteuer, Grunderwerbsteuer,

b) die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen,

c) die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlungen, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Ausscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen und

d) die Unterstützung bei der Erfüllung von Anzeige- und Dokumentationspflichten.

(7) Soweit auch die Ausarbeitung der Umsatzsteuerjahreserklärung als zusätzliche Tätigkeit übernommen wird, gehört dazu nicht die Überprüfung etwaiger besonderer buchmäßiger Voraussetzungen sowie die Frage, ob alle in Betracht kommenden umsatzsteuerrechtlichen Vergünstigungen wahrgenommen worden sind. Eine Gewähr für die vollständige Erfassung der Unterlagen zur Geltendmachung des Vorsteuerabzugs wird nicht übernommen.

12. Elektronische Kommunikation

Die Kommunikation zwischen dem Wirtschaftsprüfer und dem Auftraggeber kann auch per E-Mail erfolgen. Soweit der Auftraggeber eine Kommunikation per E-Mail nicht wünscht oder besondere Sicherheitsanforderungen stellt, wie etwa die Verschlüsselung von E-Mails, wird der Auftraggeber den Wirtschaftsprüfer entsprechend in Textform informieren.

13. Vergütung

(1) Der Wirtschaftsprüfer hat neben seiner Gebühren- oder Honorarforderung Anspruch auf Erstattung seiner Auslagen; die Umsatzsteuer wird zusätzlich berechnet. Er kann angemessene Vorschüsse auf Vergütung und Auslagenersatz verlangen und die Auslieferung seiner Leistung von der vollen Befriedigung seiner Ansprüche abhängig machen. Mehrere Auftraggeber haften als Gesamtschuldner.

(2) Ist der Auftraggeber kein Verbraucher, so ist eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

14. Streitschlichtungen

Der Wirtschaftsprüfer ist nicht bereit, an Streitbeilegungsverfahren vor einer Verbraucherschlichtungsstelle im Sinne des § 2 des Verbraucherstreitbeilegungsgesetzes teilzunehmen.

15. Anzuwendendes Recht

Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.

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ENDURANCE OVERSEAS S.r.l.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)
Turin Chamber of Commerce and Turin
Tax Code and Companies Register No. 01782370017
Turin Business Register (REA) no.TO 1101893
Quota capital: € 16,105,263.00 subscribed and fully paid
VAT Number: 05754620960

Report on operations

Financial statements for the year ended March 31st, 2021

To the Quotaholders,
The explanatory notes provide disclosures on the financial statements for the year ended March 31st, 2021; this document, in compliance with Art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

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

The year just ended was heavily conditioned by the effects of the Covid-19 pandemic on the global economy, due to the restrictions imposed and various impediments to the conduct of economic activities. The lockdowns and the restrictions placed on free movement by the authorities in order to keep contagion in check have had a serious effect on several sectors (travel and tourism, catering and personal services), while also depressing the wider economy by lowering disposable incomes and reducing the propensity to consume of households and citizens.

According to preliminary estimates released by the OECD, global gross domestic product (GDP) contracted by 3.4% in 2020, with declines in all major countries excluding China, which grew by 2.3%.

The 6.8% contraction in the Euro area was worse than the global average, as evidenced by the performance of Germany -5.3%, France -8.2%, Italy -8.9% and Spain -11.0%.

In this context, car registrations were severely curtailed, especially in the spring, due to the widespread lockdowns that basically suspended all selling activities. Registrations picked up subsequently, although below previous years, taking advantage of the increased propensity of consumers to avoid mass transport which was considered less safe, also thanks to public incentives to replace less ecological vehicles. In the period corresponding to the financial year (from April 2020 to March 2021) registrations dropped overall by -18.7%. Looking at the European and UK markets (-17.7% in just the EU) with a collapse in the first quarter (-52.5%), then stabilising at -6% in the second quarter, -8.3% in the third quarter and +0.7% in the last quarter. However these figures compare with a previous year already partially hit by the pandemic (in fact, the 87% rise in March 2021 compared with 2020 in real terms results in a -16% if compared with March 2019, which was not hit by Covid). Given that these were generalised effects, the declines affected all countries and all car manufacturers. The drop was particularly significant in Spain (-29.4%) and the UK (-24.9%). The VW group, the main manufacturer with almost a third of market share in the EU, recorded a drop in registrations of 17.9%, Renault one of -18.5%, BMW -11.3% and Daimler -19.9%. Stellantis, the new player born in January 2021 from the merger between PSA and FCA, achieved 9% growth in the EU in the first quarter of activity from the aggregation (although improper and only for indicative purposes, combining PSA and FCA data also in the periods prior to the merger, the annual figure would have shown a reduction in registrations of -26.5%). The other major car manufacturers had the following registrations in the last quarter of the year (January-April 2021): VW -1.4%, Renault -1.2%, BMW +8.6% and Daimler -9.1%.

P&C's vehicle production figures published by IHS MARKIT for calendar year 2020, down by 15.3% compared with overall registrations, show a contraction in world output of -16.9% (from 73.8 to 61.4 million vehicles) distributed in all the macro areas of the world: EU -23.3%, North America -20.4%, South America -34.2%, Asia -12.3%, Middle East and Africa -12.3%. Within the European Union, Germany was the leading producer with output of 3.4 million vehicles (albeit down 24.7% compared with the previous year), followed by Spain with 1.8 million vehicles (-19.5%), the Czech Republic 1.1 million (-19.3%), Slovakia 0.9 million (-12.0%), France 0.9 million (-45.8%) and Italy 0.5 million (-13.2%).

In the same period, exports of vehicles from the European Union fell both in volume (-17.5%) and in value (-16.0%), while imports also fell in volume (-32.0%) and in value (-19.7%).

In 2020, the market share of traditional internal combustion vehicles stood at 75.5% of the EU market (petrol 47.5% and diesel 28.0%), while hybrid electric vehicles (HEVs) accounted for 11.9% and electrically-chargeable vehicles (ECVs) 10.5% of registrations.

The motorcycle market, the other sector in which the Group operates after the acquisition of Adler S.p.A. (as explained in greater detail below), posted registrations in 2020 (again calendar year) in the main markets that are growing overall by 1%, but with very different trends from country to country: Germany up by more than +30%, but Italy -6%, France -3%, Spain -11%. The sector has benefited from the limitations imposed on long journeys, which have therefore favoured recreational activities nearer home, so encouraging the use of motorbikes.

Industrial management of the Group saw production come to an almost total standstill in the first quarter, a slow recovery in the second quarter, followed by a third quarter working at over full capacity, driven by incentives and the replenishment of inventories by manufacturers.

In this market context, despite the loss of a large part of the first quarter, which led to an overall reduction in turnover, and the inefficiencies induced by Covid, the Company and its subsidiaries, managed to achieve net positive results, with the exception of the newly acquired Endurance Adler S.p.A., which is being subjected to a reorganisation and relaunch programme.

Key events

As mentioned previously, the Company has suffered the effects of the Covid 19 pandemic.

The preventive measures introduced, the recommendations promptly adopted and the efforts made by the entire organisation to avoid internal contagion, made it possible to contain cases of positivity to the virus, guaranteeing the safety of the workplace and thereby avoiding plant closures, except in cases imposed by national authorities.

Among the most significant corporate events we would highlight that:

- on April 15th, 2020 the Company acquired the shares representing 99% of the capital of Adler S.p.A. By subscribing the increase in capital approved by the shareholders' meeting of Adler S.p.A. with deed witnessed by Notary Agostini in Milan rep. no. 83234/16710. As a result of the increase in capital, Adler S.p.A. is now part of the Endurance Group and, by deed witnessed by Notary Agostini, reg. no. 83242/16713, changed its name to Endurance Adler S.p.A., aligning its reporting date to that of the other Group companies. During the year, the newly acquired Endurance Adler S.p.a. was granted interest-bearing intercompany loans for a total of Euro 5 million in order to allow it to carry out the reorganisation and relaunch process. This also involved the acquisition in May 2020 of Grimeca S.r.l. from TMB S.p.a., together with brands and know-how in the sector of brake systems for motorcycles with the medium-term objective of creating in Italy a centre of excellence for the production of motorbike components;
- for the sake of completeness, it should be noted that during the year Adler RE S.r.l. (a company formerly controlled by Endurance Adler S.p.A.) and Grimeca S.r.l. were absorbed by Endurance Adler S.p.A. The merger took effect for legal purposes on January 1st, 2021, but was backdated for accounting and tax purposes to the beginning of the financial year (April 1st, 2020).

Management control and coordination activities

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

These management control and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made under the influence of the Company that performs the management control and coordination activities, that might require an indication of the reasons and interests affecting them.

Financial position

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

Balance Sheet - Assets

Item	FY 2021	%	FY 2020	%	Change	% change
CURRENT ASSETS	**34,040,212**	**32.80%**	**30,238,004**	**32.26%**	**3,802,208**	**12.57%**
Immediate liquidity	**22,898,440**	**22.06%**	**23,329,776**	**24.89%**	**(431,336)**	**-1.85%**
Cash and cash equivalents	22,898,440	22.06%	23,329,776	24.89%	(431,336)	-1.85%
Deferred liquidity	**11,141,772**	**10.73%**	**6,908,228**	**7.37%**	**4,233,544**	**61.28%**
Current receivables	4,627,822	4.46%	5,795,315	6.18%	(1,167,493)	-20.15%
Current portion of non-current receivables	2,000,000	1.93%	-	0.00%	2,000,000	-
Financial assets	4,395,565	4.23%	1,000,000	1.07%	3,395,565	339.56%
Accrued income and prepaid expenses	118,385	0.11%	112,913	0.12%	5,472	4.85%
NON CURRENT ASSETS	**69,756,593**	**67.20%**	**63,502,628**	**67.74%**	**6,253,965**	**9.85%**
Intangible assets	3,125,091	3.01%	3,820,197	4.08%	(695,106)	-18.20%
Tangible fixed assets	14,570,851	14.04%	15,417,303	16.45%	(846,452)	-5.49%
Financial fixed assets	50,812,426	48.95%	44,236,558	47.19%	6,575,868	14.87%
Non-current portion of receivables incl. in working cap.	1,248,225	1.20%	28,570	0.03%	1,219,655	4269.01%
TOTAL ASSETS	**103,796,805**	**100.00%**	**93,740,632**	**100.00%**	**10,056,173**	**10.73%**

Balance Sheet - Liabilities and Quotaholders' Equity

Item	FY 2021	%	FY 2020	%	Change	% change
THIRD PARTIES SOURCES	**57,658,973**	**60.89%**	**57,077,569**	**60.61%**	**581,404**	**1.02%**
Current liabilities	**50,275,425**	**46.82%**	**43,887,153**	**43.90%**	**6,388,272**	**14.56%**
Current payables	50,195,960	46.80%	43,867,905	43.87%	6,328,055	14.43%
Accrued expenses and deferred income	79,465	0.02%	19,248	0.03%	60,217	312.85%
Non-current liabilities	**7,383,548**	**14.07%**	**13,190,416**	**16.71%**	**(5,806,868)**	**-44.02%**
Non-current payables	5,763,765	12.14%	11,376,852	14.39%	(5,613,087)	-49.34%
Provision for risks and charges	1,603,268	1.92%	1,798,832	2.30%	(195,564)	-10.87%
Employee termination indemnity	16,515	0.02%	14,732	0.01%	1,783	12.10%
EQUITY	**46,137,832**	**39.11%**	**36,663,063**	**39.39%**	**9,474,769**	**25.84%**
Share capital	16,105,263	17.18%	16,105,263	19.25%	-	0.00%
Reserves	6,772,254	7.03%	6,587,384	7.59%	184,870	2.81%
Retained earnings (accumulated losses)	13,785,545	10.96%	10,273,019	6.99%	3,512,526	34.19%
Net income (loss) for the year	9,474,770	3.94%	3,697,397	5.57%	5,777,373	156.26%
TOTAL SOURCES	**103,796,805**	**100.00%**	**93,740,632**	**100.00%**	**10,056,173**	**10.73%**

Key indicators of financial position

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

RATIO	FY 2021	FY 2020	% Change
Fixed asset coverage	65.44 %	57.76 %	13.30 %
Amounts payable to banks to working capital	32.36 %	55.16 %	(41.33) %
Debt ratio	1.25	1.56	(19.87) %
Financial debt ratio	1.13	1.33	(15.04) %
Equity to capital employed	44.45 %	39.11 %	13.65 %
Financial charges to turnover	2.63 %	2.55 %	3.14 %
Current ratio	66.91 %	68.85 %	(2.82) %
Fixed asset to equity capital margin	(22,370,536.00)	(26,810,995.00)	16.56 %
Primary coverage ratio	0.67	0.58	15.52 %
(Equity + non-current liabilities) - fixed assets	(14,986,990.00)	(13,620,579.00)	(10.03) %
Secondary coverage ratio	0.78	0.79	(1.27) %
Net working capital	(16,635,216.00)	(13,669,069.00)	(21.70) %
Acid test margin	(16,635,216.00)	(13,669,069.00)	(21.70) %
Acid test ratio	66.91 %	68.85 %	(2.82) %

Results

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

Income Statement

Item	FY 2021	%	FY 2020	%	Change	% change
VALUE OF PRODUCTION	**8,812,533**	**100.00%**	**10,995,606**	**100.00%**	**(2,183,073)**	**-19.85%**
- Consumption of raw materials	29,552	0.34%	46,699	0.42%	(17,147)	-36.72%
- General expenses	916,042	10.39%	1,118,441	10.17%	(202,399)	-18.10%
VALUE ADDED	**7,866,939**	**89.27%**	**9,830,466**	**89.40%**	**(1,963,527)**	**-19.97%**
- Payroll costs	5,132,514	58.24%	7,066,282	64.26%	(1,933,768)	-27.37%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**2,734,425**	**31.03%**	**2,764,184**	**25.14%**	**(29,759)**	**-1.08%**
- Depreciation, amortisation and writedowns	1,552,596	17.62%	957,424	8.71%	595,172	62.16%
- Other operating expenses	255,003	2.89%	252,180	2.29%	2,823	1.12%
INCOME BEFORE FINANCIAL ITEMS	**926,826**	**10.52%**	**1,554,580**	**14.14%**	**(627,754)**	**-40.38%**
+ Financial items	6,674,853	75.74%	3,776,434	34.34%	2,898,419	76.75%
INCOME BEFORE TAX	**7,601,679**	**86.26%**	**5,331,014**	**48.48%**	**2,270,665**	**42.59%**
- Taxation	(1,873,091)	-21.25%	1,633,617	14.86%	(3,506,708)	-214.66%
NET INCOME	**9,474,770**	**107.51%**	**3,697,397**	**33.63%**	**5,777,373**	**156.26%**
EBITDA	**2,479,422**	**28.14%**	**2,512,004**	**22.85%**	**(32,582)**	**-1.30%**

Key performance indicators

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

RATIO	FY 2021	FY 2020	% Change
R.O.E.	20.54%	10.08%	103.63%
R.O.I.	1.39%	3.11%	(55.43)%
R.O.S.	5.46%	9.16%	(40.38)%
R.O.A.	0.89%	1.66%	(46.16)%

Information required by Art. 2428 of the Italian Civil Code

Set out below is the detailed information specifically required by Art. 2428 of the Italian Civil Code.

Main risks and uncertainties that the Company is exposed to

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

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

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

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

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

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

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

Credit Risks

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

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

Liquidity risks

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

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

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

Market risks

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

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

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

Key non-financial indicators

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

Information on the environment

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

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

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

- compliance with the Protocol for tackling and containing the spread of the Covid-19 virus in working environments and for governing activities and ensuring the protection of employees and third parties, in accordance with the instructions issued by the authorities.

- supply to personnel of certified surgical masks, disinfectant solutions and materials for the cleaning and sanification of their working environments, as well as the maintenance of social distancing.
- to the extent feasible, the Company has extended to all job descriptions the ability to make recourse to smart working, giving preference to this approach over attendance in the workplace.

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

Information on personnel management

The workforce amounted to 12 employees at the end of the year.
The main training activities during the year concerned courses for internal auditors and workers' safety representatives, as well as refresher courses for various occupational roles.

Research and development activities

Pursuant and consequent to paragraph 3.1 of Art. 2428 of the Civil Code, it is confirmed that no research and development activities were performed directly during the year; however, support was provided for the activities of subsidiaries.

Transactions with subsidiaries, associates, parent companies and fellow subsidiaries

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

Receivables from affiliates recorded under fixed assets

Description	FY 2021	FY 2020	Change
from subsidiaries	5,000,000	-	5,000,000
Total	*5,000,000*	*-*	*5,000,000*

The item in question concerns the interest-bearing loans granted during the year to the newly acquired subsidiary Endurance Adler S.p.a. to allow it to carry out the reorganisation and relaunch process; this also involved the acquisition of Grimeca S.r.l. in May 2020 from TMB S.p.a., together with brands and know-how in the field of motorcycle braking systems. The short-term portion of Euro 2 million corresponds to the amount that is expected to be converted into capital at the extraordinary general meeting called for the end of May.

Receivables from affiliates classified as current assets

Description	FY 2021	FY 2020	Change
from subsidiaries	976,386	1,737,154	(760,768)
from fellow subsidiaries	349,379	300,756	48,623
Total	*1,325,765*	*2,037,910*	*(712,145)*

Receivables due from subsidiaries: € 976,386, relating to:

- the amounts due from Endurance Engineering S.r.l. (€ 55,418) in relation to the domestic tax group.
- trade receivables (totalling € 920,967) in relation to the operational and financial services provided by the Company, as part of the management of the Group.

Receivables due from fellow subsidiaries: € 349,379 due from Endurance Amann GmbH for support provided to this German subsidiary.

Payables to and loans from affiliates

Description	FY 2021	FY 2020	Change
payables due to subsidiaries	34,426,444	27,049,104	7,377,340
payables due to fellow subsidiaries	7,007,121	5,261,174	1,745,947
Total	*41,433,565*	*32,310,278*	*9,123,287*

Due to subsidiaries within one year, € 34,426,444, as analysed below:

- € 3,000,000 for the loan received from Endurance S.p.A.;
- € 27,934,099 for the amount due related to the cash pooling arrangement, of which
  - € 19,749,994 to Endurance S.p.A.
  - € 7,033,022 to Endurance Castings S.p.A.
  - € 1,151,083 to Endurance Engineering S.r.l.
- trade payables of € 2,853,345;
- due to subsidiaries beyond one year: € 639,000, relating to deposits received from Endurance S.p.A. for outstanding rental contracts;

Payables due to fellow subsidiaries: € 7,007,121 due to Endurance Amann GmbH, a foreign affiliate, comprising € 4,003,733 due under the cash pooling arrangements and a loan of € 3,000,000 granted by the affiliate to the company and trade payables for € 3,388.

Treasury shares

There are no treasury shares because of the Company's legal status as an S.r.l. (*Società a responsabilità limitata* or private limited liability company).

Shares/quotas in the parent company

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

Business outlook

The year just ended was heavily influenced by the effects that the restrictions and the Covid 19 pandemic had on people's living conditions and therefore on the general market situation and on the Company's activities.

Steady implementation of the vaccination plan should result in a gradual improvement in the epidemiological picture, also in Europe, due to the achievement of herd immunity, as shown by the contagion trends in those countries with greater access to vaccine doses, especially for the categories most at risk.

The exceptional action plans announced by many countries, now at the approval stage by the respective bodies, should improve the macroeconomic outlook even further, with positive effects on employment and, consequently, on consumption and GDP. Based on these expectations, the global economy should grow according to OECD estimates by 5.6% in 2021 and 4.0% in 2022, with the Euro area contributing +3.9% in 2021 and +3.8% in 2022.

The more favourable external prospects should therefore lead to an improvement in the demand for motor vehicles with a positive effect on the value of the output expected for the Group.

The operating conditions will in any case remain very demanding due to the organisational complexities caused by prudent management of the risks deriving from Covid 19, which we will still have to contend with, albeit in situation that is expected to gradually improve.

While remaining optimistic, it is appropriate to remember the risk of an upsurge in contagion that might result from the appearance of virus variants capable of circumventing the effects of the vaccines. Additionally, economic overheating might derive from excessive monetary and governmental incentives, with the creation of inflation and a rise in the interest rate curves in financial markets.

The resources available will also make it possible to face without difficulty, and certainly for the next 12 months, any procrastination of the most adverse conditions that may continue or reappear due to the health emergency. At time of preparing these financial statements, the Company has not made recourse to moratoria, deferrals or any of the other solutions made available to assist liquidity, as the available cash balances are sufficient considering the routine support provided by financial partners.

The solid financial situation and the liquidity available at Group level will allow the Company to take advantage of any opportunities in terms of acquisitions, which have been under consideration for some time pending appropriate conditions, even in sectors that are contiguous or completely alternative to our current lines of business.

In the absence of further major external shocks, we believe that we can achieve positive results in the next financial year.

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

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

Secondary locations

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

Address	Location
VIA REGIONE POZZO 26	CHIVASSO
VIA ARSENALE 33	TURIN

Conclusion

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements at March 31st, 2021 together with the explanatory notes and this report on operations that accompany them;

- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Lombardore, May 14th, 2021

For the Board of Directors
The Managing Director

Massimo Venuti

General information on the company

Company data

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

Financial statements for the year ended March 31st, 2021

Balance sheet

	March 31st, 2021	March 31st, 2020
Assets		
B) Fixed assets		
I - Intangible assets	-	-
3) industrial patent rights and intellectual property rights	2,326	7,802
4) concessions, licences, trademarks and similar rights	2,380,000	2,980,000
5) goodwill	742,765	832,395
Total intangible assets	*3,125,091*	*3,820,197*
II - Tangible fixed assets	-	-
1) land and buildings	14,295,102	15,089,810
2) plant and machinery	251,580	301,939
3) industrial and commercial equipment	1,627	2,875
4) other assets	22,543	22,679
Total tangible fixed assets	*14,570,852*	*15,417,303*

	March 31st, 2021	March 31st, 2020
III - Financial fixed assets	-	-
1) equity investments in	-	-
a) subsidiaries	47,812,426	44,236,558
Total equity investments	*47,812,426*	*44,236,558*
2) receivables	-	-
a) from subsidiaries	5,000,000	-
due within one year	2,000,000	-
due beyond one year	3,000,000	-
Total receivables	*5,000,000*	-
Total financial fixed assets	*52,812,426*	*44,236,558*
Total fixed assets (B)	*70,508,369*	*63,474,058*
C) Current assets		
II - Receivables	-	-
1) from customers	2,025	8,251
due within one year	2,025	8,251
2) from subsidiaries	976,386	1,737,154
due within one year	976,386	1,737,154
5) from fellow subsidiaries	349,379	300,756
due within one year	349,379	300,756
5-bis) tax receivables	2,870,201	3,666,718
due within one year	2,870,201	3,666,718
5-ter) deferred tax assets	1,619,656	19,920
5-quarter) from others	58,400	91,086
due within one year	29,830	62,516
due beyond one year	28,570	28,570
Total receivables	*5,876,047*	*5,823,885*
III - Current financial assets	-	-
6) other securities	4,395,565	1,000,000
Total current financial assets	*4,395,565*	*1,000,000*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	22,898,083	23,329,219
3) cash on hand	357	557
Total cash and cash equivalents	*22,898,440*	*23,329,776*
Total current assets (C)	*33,170,052*	*30,153,661*
D) Prepaid expenses and accrued income	**118,385**	**112,913**
Total assets	*103,796,806*	*93,740,632*
Liabilities and quotaholder's equity		
A) Quotaholder's equity	**46,137,833**	**36,663,063**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737

	March 31st, 2021	March 31st, 2020
IV - Legal reserve	903,520	718,650
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	5,563,997	5,563,997
Total other reserves	*5,563,997*	*5,563,997*
VIII - Retained earnings (accumulated losses)	13,785,546	10,273,019
IX - Net income (loss) for the year	9,474,770	3,697,397
Total quotaholders' equity	46,137,833	36,663,063
B) Provision for risks and charges		
2) for current and deferred taxation	1,567,864	1,728,651
3) derivative financial instruments	35,403	70,181
Total provisions for risks and charges	*1,603,267*	*1,798,832*
C) Employee termination indemnities	**16,515**	**14,732**
D) Payables		
4) due to banks	10,734,910	16,631,532
due within one year	5,610,146	5,893,680
due beyond one year	5,124,764	10,737,852
7) trade payables	167,982	201,103
due within one year	167,982	201,103
9) due to subsidiaries	34,426,444	27,049,104
due within one year	33,787,444	26,410,104
due beyond one year	639,000	639,000
11-bis) due to fellow subsidiaries	7,007,121	5,261,174
due within one year	7,007,121	5,261,174
12) taxation payable	149,052	233,879
due within one year	149,052	233,879
13) due to pension and social security institutions	437,269	673,485
due within one year	437,269	673,485
14) other payables	3,036,947	5,194,480
due within one year	3,036,947	5,194,480
Total payables	*55,959,725*	*55,244,757*
E) Accrued expenses and deferred income	**79,466**	**19,248**
Total liabilities and quotaholder's equity	*103,796,806*	*93,740,632*

Income statement

	Year ended March 31st, 2021	Year ended March 31st , 2020
A) Value of production		

	Year ended March 31st, 2021	Year ended March 31st , 2020
1) revenues from sales of goods and services	8,562,652	10,672,488
5) other income and revenues	-	-
other	249,881	323,118
Total other income and revenues	*249,881*	*323,118*
Total value of production	*8,812,533*	*10,995,606*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	29,552	46,699
7) services	589,237	805,090
8) lease and rental charges	326,804	313,351
9) payroll	-	-
a) wages and salaries	4,612,472	5,943,578
b) social contributions	328,238	928,863
c) termination indemnities	180,004	155,006
e) other costs	11,800	38,835
Total payroll costs	*5,132,514*	*7,066,282*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	695,105	119,423
b) depreciation of tangible fixed assets	857,491	838,001
Total depreciation, amortisation and writedowns	*1,552,596*	*957,424*
14) other operating expenses	255,004	252,180
Total cost of production	*7,885,707*	*9,441,026*
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**926,826**	**1,554,580**
C) Financial income and charges		
15) income from equity investments	-	-
from subsidiaries	7,000,000	4,000,000
Total income from equity investments	*7,000,000*	*4,000,000*
16) other financial income	-	-
d) income other than the above	-	-
from subsidiaries	22,520	-
other	304,172	19,917
Total income other than the above	*326,692*	*19,917*
Total other financial income	*326,692*	*19,917*
17) interest and other financial charges	-	-
to subsidiaries	61,221	65,449
to fellow subsidiaries	16,223	16,912
other	148,036	190,160
Total interest and other financial charges	*225,480*	*272,521*
17-bis) exchange gains and losses	(942)	-
Total financial income and charges (15+16-17+-17-bis)	*7,100,270*	*3,747,396*

	Year ended March 31st, 2021	Year ended March 31st, 2020
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	34,777	29,038
Total revaluations	*34,777*	*29,038*
19) writedowns	-	-
c) current financial assets excluding equity investments	460,195	-
Total writedowns	*460,195*	*-*
Total adjustments to financial assets and liabilities (18-19)	*(425,418)*	*29,038*
Result before taxes (A-B+-C+-D)	**7,601,678**	**5,331,014**
20) Income taxes for the year, current and deferred		
current taxation	102,943	1,729,424
taxation relating to prior years	(309,484)	(15)
deferred taxation	(1,760,523)	(95,792)
income (charges) from tax consolidation/tax transparency	(93,972)	-
Total income taxes for the year, current and deferred	*(1,873,092)*	*1,633,617*
21) Net income (loss) for the year	**9,474,770**	**3,697,397**

Statement of cash flow (indirect method)

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	9,474,770	3,697,397
Taxation	(1,873,092)	1,633,617
Interest expense/(interest income)	(100,271)	252,604
(Dividends)	(7,000,000)	(4,000,000)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*501,407*	*1,583,618*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	11,185	8,293
Depreciation and amortisation of fixed assets	1,552,596	957,424
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	460,195	
Total adjustments for non-cash items that had no contra-entry in net working capital	*2,023,976*	*965,717*
2) Cash flow before changes in net working capital	*2,525,383*	*2,549,335*
Change in net working capital		
Decrease/(Increase) in trade receivables	718,372	810,617
Increase/(Decrease) in trade payables	9,090,167	5,541,315
Decrease/(Increase) in prepaid expenses and accrued income	(5,472)	(14,570)
Increase/(Decrease) in accrued expenses and deferred income	60,218	(7,828)
Other decreases/(Other Increases) in net working capital	(4,884,208)	(4,119,401)
Total changes in net working capital	*4,979,077*	*2,210,133*
3) Cash flow after changes in net working capital	*7,504,460*	*4,759,468*
Other adjustments		
Interest collected/(paid)	100,271	(252,604)
(Income taxes paid)	(347,572)	(1,261,488)
Dividends received	7,000,000	4,000,000
(Use of provisions)	(204,966)	(129,279)
Total other adjustments	*6,547,733*	*2,356,629*
Cash flow from operating activities (A)	***14,052,193***	***7,116,097***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(11,039)	(1,819,047)
Intangible assets		
(Investments)		(3,000,000)
Financial fixed assets		
(Investments)	(8,575,868)	
Cash flow from investing activities (B)	***(8,586,907)***	***(4,819,047)***
C) Cash flows from financing activities		

	Year ended March 31st, 2021	Year ended March 31st, 2020
Third-party funds		
Increase/(Decrease) in current bank loans		5,000,000
(Repayment of loans)	(5,896,622)	(4,978,047)
Cash flow from financing activities (C)	***(5,896,622)***	***21,953***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(431,336)***	***2,319,003***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	23,329,219	21,010,331
Cash on hand	557	442
Total cash and cash equivalents at the beginning of the year	23,329,776	21,010,773
Cash and cash equivalents at the end of the year		
Bank and postal deposits	22,898,083	23,329,219
Cash on hand	357	557
Total cash and cash equivalents at the end of the year	22,898,440	23,329,776

Information on the statement of cash flows

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

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

Explanatory notes, first part

Quotaholders, these explanatory notes are an integral part of the financial statements for the year ended March 31st, 2021.

The financial statements submitted for your approval show net income of € 9,474,770, after current and deferred taxes that give a positive balance of € 1,873,092 and depreciation and amortisation of € 1,552,596.

Basis of preparation

Preparation of the financial statements

The financial statements at March 31st, 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

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

The pandemic emergency caused by the spread of the Covid-19 virus continued during the year, affecting the economic performance of the global economy and forcing the Company and its subsidiaries to restrict and, at times, suspend activities in accordance with measures adopted by the authorities that were particularly strict during the first quarter of the financial year. These measures also affected the registration of new motorcycles and therefore demand for the goods and services provided by the Company.

Recent government measures and those due to be introduced, together with the steady progress made on implementing the vaccination plan, provide encouragement that an upturn will occur, although this is not imminent.

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

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

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

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

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

Pursuant to art. 2424 c.c., we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

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

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

Amounts are stated in whole euro, unless specified otherwise.

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

Basis of preparation

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

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

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

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

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

Changes in accounting policies

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

Comparability and compliance issues

Pursuant to art. 2423 ter c.c., we can confirm that all financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

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

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

Structure and content of the financial statements

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

In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter c.c.

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

Pursuant to art. 2424 c.c., we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

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

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

Intangible assets

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

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

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

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

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

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

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

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

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

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

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

Tangible fixed assets

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

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

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

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

Tangible fixed asset items	Depreciation rate
Buildings	3%
Buildings – allocation of merger deficit (*)	6.67%
Plant and machinery	10%
Industrial and commercial equipment	15%
Temporary constructions	10%
Alarm systems	30%
Telephone	20%
Motor cars	25%

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

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

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

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

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

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

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

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

Impairment (intangible assets and tangible fixed assets)

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

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

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

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

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

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

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

Intercompany loans

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

Receivables

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

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

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

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

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

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

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31 March 2019.

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

Cash and cash equivalents

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

Accruals and deferrals

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

Provisions for risks and charges

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

Employee termination indemnities

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

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

Payables

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

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

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

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

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

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

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

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

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

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

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

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

Revenues

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

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

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

Costs

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

Dividends

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

Financial income and charges

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

Taxation

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

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

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

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

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

Again in the year under review, the Company has maintained the domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.), consisting of Endurance S.p.A., the company resulting from the absorption of Endurance Fondalmec S.p.A. by Endurance Foa S.p.A., and Endurance Engineering S.r.l.

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

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

Translation of foreign currency items

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

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

Measurement of components denominated in foreign currency

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

Other information

Repurchase agreements

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

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

After having charged amortisation for the year of € 695,105, the balance of intangible assets is € 3,125,091.

Movements in intangible assets

The table shows the movements in fixed assets during the year

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Carrying amount at the beginning of the year						
Cost	52,430	33,452	3,000,000	1,345,787	75,684	4,507,353
Depreciation (Accumulated depreciation)	52,430	25,650	20,000	513,392	75,684	687,156
Carrying amount	-	7,802	2,980,000	832,395	-	3,820,197
Changes during the year						
Depreciation for the year	-	5,475	600,000	89,630	-	695,105
Total changes	-	*(5,475)*	*(600,000)*	*(89,630)*	-	*(695,105)*
Carrying amount at the end of the year						
Cost	52,430	33,452	3,000,000	1,345,787	75,684	4,507,353
Depreciation (Accumulated depreciation)	52,430	31,126	620,000	603,022	75,684	1,382,262
Carrying amount	-	2,326	2,380,000	742,765	-	3,125,091

Industrial patent rights and intellectual property rights (€ 2,326 at March 31st, 2021) relate to the licences for the management of software used by the Company, which are amortised over 3 years.

Goodwill amounting to € 742,765 at March 31st, 2021 (€ 832,395 at March 31st, 2020) represents part of the difference that arose on the absorption of subsidiaries Haminoea S.r.l. and Lomec S.r.l. by the parent company Endurance Overseas S.r.l. (the "Merger") in 2014-2015, and represents the additional value associated with certain properties held under finance lease arrangements at the time when the merger deficit was being allocated.

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

€ 5.0 million to increase the carrying amount of certain properties (based on expert appraisals of their market value determined by independent experts);

€ 2.5 million to increase the carrying amount of the investment in Endurance Foa S.P.A. (based on the forecast profitability of the acquired company);

the recognition of € 1.3 million as goodwill, reflecting the additional value of certain properties held under finance lease arrangements (and therefore not reported in the balance sheet).

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

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

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

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

The concessions, licences, trademarks and similar rights booked in the financial statements at March 31st, 2021 for € 2,380,000 (€ 2,980,000 at March 31st, 2020) relate to an exclusive licence to use patents and know-how for the production of innovative motorcycle clutches. This licence was acquired by Adler Spa before this company joined the Endurance group.

Tangible fixed assets

Tangible fixed assets recorded in the financial statements at March 31st, 2021 amounted to € 14,570,852, net of accumulated depreciation of € 6,963,344 and consist of:

- Land and buildings: € 14,295,102 (including the additional value allocated to the property of the Company at the time of the Merger);
- Plant and machinery: € 251,580;
- Industrial and commercial equipment: € 1,627;
- Other assets: € 22,543;

Movements in tangible fixed assets

The change during the 2020-2021 financial year are analysed below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Carrying amount at the beginning of the year					
Cost	20,547,507	789,939	10,226	175,482	21,523,154
Depreciation (Accumulated depreciation)	5,457,697	488,000	7,351	152,803	6,105,851
Carrying amount	15,089,810	301,939	2,875	22,679	15,417,303
Changes during the year					
Additions	-	-	-	11,040	11,040
Depreciation for the year	794,708	50,359	1,248	11,176	857,491
Total changes	*(794,708)*	*(50,359)*	*(1,248)*	*(136)*	*(846,451)*
Carrying amount at the end of the year					
Cost	20,547,507	789,939	10,226	186,522	21,534,194
Depreciation (Accumulated depreciation)	6,252,405	538,359	8,599	163,979	6,963,342
Carrying amount	14,295,102	251,580	1,627	22,543	14,570,852

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

With specific reference to the evidence for losses attributable to the healthcare emergency, the directors responded to a Group-level requirement by analysing carefully the cash flows forecast on the basis of current information, concluding that the value of tangible fixed assets at March 31st, 2021 will be recoverable from future cash flows.

Finance leases

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

Financial fixed assets

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

Details of long-term equity investments in subsidiaries

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

Name	City or Country	Share capital	Result FY 2020-21	Shareholders' equity at March 31st, 2021	Equity interest held (%)	Equity interest held (amount)	Carrying amount
ENDURANCE SPA	Chivasso (TO)	5,000,000	9,197,973	76,212,723	100.00%	76,212,723	34,054,358
ENDURANCE ENGINEERING SRL	Turin	100,000	623,181	5,318,290	100.00%	5,318,290	2,000,000
ENDURANCE CASTINGS SPA	Bione (BS)	900,000	1,368,662	10,741,254	100.00%	10,741,254	8,182,200
ENDURANCE ADLER SPA	Rovereto (TN)	120,000	(1,225,231)	333,417	99.00%	330,083	3,575,868
Total							**47,812,426**

As explained in the Report on Operations, on 15 April 2020 the Company acquired the shares representing 99% of Adler S.p.A. for Euro 3.5 million by subscribing to the increase in capital approved by its shareholders' meeting. Following this transaction, Adler S.p.A. (and its subsidiary Adler RE S.r.l.) is now part of the Endurance Group, changing its name to Endurance Adler S.p.A. and aligning its reporting date with that of the other Group companies.

Furthermore, on 22 May 2020 Endurance Adler S.p.A. paid € 900 thousand to buy 100% of Grimeca S.r.l., a company that specializes in the design of braking systems for motorcycles and already a partner of the Endurance Group through high-tech collaborations.

Lastly, during the year the absorption of Adler RE S.r.l. and Grimeca S.r.l. by Endurance Adler S.p.A. was completed and became effective on 01/01/2021, backdated to the beginning of the financial year (01/04/2020) for accounting and tax purchases.

With the sole exception of Endurance Adler Spa, the carrying amount of all investments in subsidiaries is considerably lower than the corresponding value of the shareholders' equity held, given the positive results generated by those companies. The reorganisation plan currently being implemented for Endurance Adler S.p.A. should from next year allow a clear improvement with respect to the losses recorded by the subsidiary during the first year after the acquisition. To support the relaunch process, the subsidiary called an extraordinary shareholders' meeting at the end of May to approve the increase in capital of € 2.0 million.

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

Changes in and maturity of non-current receivables

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

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

The item in question inheres in interest-bearing loans granted during the year to the newly acquired subsidiary Endurance Adler S.p.a. to allow it to carry out the reorganisation and relaunch process; this also involved the acquisition of Grimeca S.r.l. in May 2020 from TMB S.p.a., together with brands and know-how in the field of motorcycle braking systems. The short-term portion of € 2 million corresponds to the amount that is expected to be converted into share capital at the extraordinary shareholders' meeting called for the end of May.

Current assets

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

Current receivables

These total € 5,876,047 at March 31st, 2021, in line with the last year's figure, with a slight increase of € 52,162 since March 31st, 2020 (€ 5,823,885).

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

Changes and maturities of current receivables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	8,251	(6,226)	2,025	2,025	-
Receivables due from subsidiaries	1,737,154	(760,768)	976,386	976,386	-
Receivables due from fellow subsidiaries	300,756	48,623	349,379	349,379	-
Tax receivables	3,666,718	(796,517)	2,870,201	2,870,201	-
Deferred tax asset	19,920	1,599,736	1,619,656	-	-
Other receivables	91,086	(32,686)	58,400	29,830	28,570
Total	**5,823,885**	**52,162**	**5,876,047**	**4,227,821**	**28,570**

Trade receivables: € 2,025 due from customers.

Receivables due from subsidiaries: € 976,386 in trade receivables deriving from the operational and financial services provided by the Company as part of the management of the Group.

Receivables due from fellow subsidiaries: € 349,379 due from Endurance Amann GmbH for support provided to this German subsidiary.

Tax receivables: The amount of € 2,870,201 refers for € 2,807,231 to the difference between the IRES charge for the year and the advances paid in the context of the domestic tax group pursuant to arts. 117/129 of the Consolidated Income Tax Act (T.U.I.R.) established with Endurance S.p.A. and Endurance Engineering s.r.l., for € 10,382 to the difference between the IRAP charge for the year and the advances paid and for € 52,588 to recoverable VAT.

Deferred tax assets: € 1,619,656 is the effect due to the valuation of negative income components the deductibility of which is postponed to future years, whereas their recoverability is certain. For more details on the item in question, see the relevant section below.

Other receivables: € 58,400 in sundry receivables, of which € 28,570 due beyond one year in relation to guarantee deposits.

Breakdown by geographical area of receivables recorded under current assets

In terms of the geographical distribution of receivables, the above amounts are due to the Company by Italian counterparties, except as mentioned in relation to the amounts receivable from Endurance Amann GmbH (€ 349,379).

Current financial assets

Movements in current financial assets

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

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
other securities	1,000,000	3,395,565	4,395,565
Total	*1,000,000*	*3,395,565*	*4,395,565*

Other securities comprise short-term investments held by the Company in order to employ available liquidity: in particular, the balance includes insurance policies (totalling € 1,000,000), US government securities, T-Bonds with nominal interest rate of 4.5% and maturity on 15.2.2036 (€ 2,385,565). These instruments, acquired during the year, have been written down by € 460,195 at the reporting date to reflect their lower current value with respect to their specific cost. In accordance with the applicable accounting standards, no unrealised gains on these instruments have been recognised. It should be noted that the write-down already recognised in the financial statements would only take place in the event of an effective sale of the securities (at market value as of 31.03.21); vice versa, the maintenance of the investment until maturity, with a substantial coupon flow and redemption at par of the capital, would make it possible to recover the entire capital invested plus a positive return. It should also be noted that, since these are securities denominated in USD, the investment is subject to exchange rate risk as the decision was taken not to hedge them.

Cash and cash equivalents

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
bank and postal deposits	23,329,219	(431,136)	22,898,083
cash on hand	557	(200)	357
Total	*23,329,776*	*(431,336)*	*22,898,440*

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

Prepaid expenses and accrued income

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

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Prepaid expenses	112,913	5,472	118,385
Total prepaid expenses and accrued income	**112,913**	**5,472**	**118,385**

Prepaid expenses (€ 118,385 at March 31st, 2021) mainly include amounts paid in advance by way of insurance premiums and costs pertaining to subsequent years.

Capitalised financial charges

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

Explanatory notes, liabilities and quotaholders' equity

Quotaholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Quotaholder's equity

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

Changes in shareholders equity items

The changes in the Company's equity items in the year prior to the year under review (as of March 31st, 2020) are as follows:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Share capital	16,105,263	-	-	16,105,263
Share premium reserve	304,737	-	-	304,737
Legal reserve	485,638	233,012	-	718,650
Extraordinary reserve	2,681,395			2,681,395
Paid in to cover losses	2,882,602	-	-	2,882,602
Retained earnings (accumulated losses)	5,845,800	4,427,219	-	10,273,019
Net income (loss) for the year	4,660,231	(4,660,231)	3,697,397	3,697,397
Total	**32,965,666**	**-**	**3,697,397**	**36,663,063**

The changes in the Company's equity items in the year under review, ended as of March 31st, 2021, are shown below:

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

Availability and use of shareholders equity

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

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Share capital	16,105,263	Share capital		-
Share premium reserve	304,737	Share capital	A;B;C	304,737
Legal reserve	903,520	Revenue	B	-
Extraordinary reserve	2,681,395	Revenue	A;B;C	2,681,395
Total other reserves	2,882,602	Share capital	A;B;C	2,882,602
Retained earnings (accumulated losses)	13,785,546	Revenue	A;B;C	13,785,546
Total	**33,780,461**			**16,771,678**
Amount not distributable				1,619,656
Residual amount distributable				15,152,022
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 of the Italian Civil Code, covers the deferred tax assets recognised in the balance sheet, which are assets still to be realised.

Provisions for risks and charges

The provisions for risks and charges, mainly related to deferred taxation, are recognised in the financial statements according to OIC 31 (a total of € 1,603,267 at March 31st, 2021).

The amount comprises:

- € 1,567,864 of deferred tax liabilities created in the year closed at 31 March 2015 as part of the above merger. The change during the year (€ 160,787) reflects the release of the tax effect to match the depreciation of the additional amounts allocated to the assets of the Company at the time of the Merger;
- € 35,403 of the derivative financial instruments represent the negative fair value of certain derivatives used by the Company, as required by OIC 32.

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

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for current and deferred taxation	1,728,651	160,787	(160,787)	1,567,864
Derivative financial instruments	70,181	34,778	(34,778)	35,403
Total	**1,798,832**	**195,565**	**(195,565)**	**1,603,267**

Provision for employee termination indemnities

Employee termination indemnities amount to € 16,515 at March 31st, 2021 (€ 14,732 al March 31st, 2020). The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnity	14,732	11,185	9,402	1,783	16,515
Total	**14,732**	**11,185**	**9,402**	**1,783**	**16,515**

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

Payables

Payables total € 55,959,725 at March 31st, 2021 (€ 55,244,757 at March 31st, 2020).

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

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	16,631,532	(5,896,622)	10,734,910	5,610,146	5,124,764
Trade payables	201,103	(33,121)	167,982	167,982	-
Payables due to subsidiaries	27,049,104	7,377,340	34,426,444	33,787,444	639,000
Payables due to fellow subsidiaries	5,261,174	1,745,947	7,007,121	7,007,121	-
Tax payables	233,879	(84,827)	149,052	149,052	-
Due to pension and social security institutions	673,485	(236,216)	437,269	437,269	-
Other payables	5,194,480	(2,157,533)	3,036,947	3,036,947	-
Total	**55,244,757**	**714,968**	**55,959,725**	**50,195,961**	**5,763,764**

They are detailed as follows:

- Due to banks within one year: € 5,610,146, relating to the current portion of loans arranged directly by the Company;
- Due to banks beyond one year: € 5,124,764, relating to the non-current portion of loans arranged directly.
- Trade payables: € 167,982;
- Due to subsidiaries within one year, € 34,426,444, as analysed below:
    a. € 3,000,000 representing a loan from Endurance S.p.A. (classified as a current liability because the contractual conditions envisage repayment on demand);
    b. € 27,934,099 due in relation to the cash pooling arrangements, of which
        - € 19,749,994 due to Endurance S.p.A.
        - € 7,033,022 due to Endurance Castings S.p.A.
        - € 1,151,083 to Endurance Engineering S.r.l.
    c. trade payables of € 2,853,345;
    d. Due to subsidiaries beyond one year: € 639,000, relating to deposits received from Endurance S.p.A. for outstanding rental contracts;
- Payables due to fellow subsidiaries: € 7,007,121 due to Endurance Amann GmbH, a foreign affiliate, comprising € 4,003,733 due under the cash pooling arrangements, a loan of € 3,000,000 granted by a subsidiary to the Company (classified as a current liability because the contractual conditions envisage repayment on demand) and trade payables of € 3,388;
- Tax payables: € 149,052, including € 149,047 in taxes withheld from employees and freelance workers and other taxes due;
- Due to pension institutions: € 437,269, mainly payable to INPS and Previndai;
- Other payables within one year: € 3,036,945, being the amounts due to employees for payroll and related accruals, as well as miscellaneous payables.

Bank debt has significantly decreased compared with the previous year, showing an overall reduction of € 5,896,622, corresponding to the amount of the loans repaid, not having taken on new finance during the year. It is worth mentioning that the Company did not take advantage of the moratoria or other bank debt facilitations envisaged as support measures for businesses to deal with the pandemic emergency that characterised the year.

It should be noted that the application of the amortised cost method resulted in a reduction in the nominal amount of payables of € 8,227 (€ 20,698 at March 31st, 2020).

The following is a breakdown of medium-term loans outstanding at March 31st, 2021:

Bank	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at March 31st, 2021	Within one year	Beyond one year
UBI	2,500,000	27/03/2017 - 5	508,779	508,779	-
Unicredit	10,000,000	04/07/2017 - 5	3,750,000	2,500,000	1,250,000
UBI	3,000,000	19/07/2017 - 5	811,026	607,507	203,519
BNL	5,000,000	27/10/2017 - 5	1,750,000	1,000,000	750,000
UBI	3,000,000	19/02/2020 - 3	1,923,331	1,000,489	922,842
UBI	2,000,000	19/02/2020 - 3	2,000,000	-	2,000,000
Application of amort. cost method			(8,226)	(6,629)	(1,597)
Total	**28,500,000**		**10,734,910**	**5,610,146**	**5,124,764**

The contracts are settled with reference to 3-month Euribor and have been hedged against interest-rate risk by the arrangement of IRS contracts with a notional value of € 5,500,000 at March 31st, 2021.

Breakdown of payables by geographical area

In terms of the geographical distribution of payables, the Company's counterparties are all Italian, except for the amounts due to Endurance Amann GmbH (totalling € 7,007,121).

Debt secured by collateral on company assets

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

Loans from quotaholders

The company has not received any loans from its quotaholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	19,248	60,218	79,466
Total accrued expenses and deferred income	**19,248**	**60,218**	**79,466**

This item comprises accrued interest expense and financial charges relating to the outstanding loans for € 12,714 and other charges pertaining to the year but for which payment will be made in future years.

Explanatory notes, income statement

The income statement reports the results for the year.

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

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

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

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

Value of production

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

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

Description	FY 2020/2021	Year 2019/2020	Change
Revenues from sales of goods and services	8,562,652	10,672,488	(2,109,836)
Other income and revenues	249,881	323,118	(73,237)
Total	**8,812,533**	**10,995,606**	**(2,183,073)**

Revenues from sales of goods and services include rental income (€ 2,562,652) and income for services provided under the service agreement and other services with the subsidiaries and affiliates (€ 6,000,000).

Other income and revenues relate to the proceeds for the recharging of costs for personnel on secondment and ancillary charges to the subsidiary company, with the balance made up of sundry other income and revenue items.

Cost of production

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

Description	FY 2020/2021	Year 2019/2020	Change
Cost of raw and ancillary materials, consumables and goods for resale	29,552	46,699	(17,147)
Cost of services	589,237	805,090	(215,853)
Lease and rental charges	326,804	313,351	13,453
Payroll costs			
Wages and salaries	4,612,472	5,943,578	(1,331,106)
Social contributions	328,238	928,863	(600,625)
Employee termination indemnity and other costs	180,004	155,006	24,998
Other costs	11,800	38,835	(27,035)
Amortisation of intangible assets	695,105	119,423	575,682
Depreciation of tangible fixed assets	857,491	838,001	19,490
Other operating expenses	255,004	252,180	2,824
Total	**7,885,707**	**9,441,026**	**(1,555,319)**

Production costs decreased slightly (by 16.5% overall) compared with the previous year.

Payroll costs comprise the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements, cost for external collaborators, variable remuneration components, incentives to leave the company, as well as charges deriving from the management retention plan in favour of corporate management, which depends on the economic-financial results achieved in Europe and the continued employment of the personnel concerned for a minimum pre-determined period. The Company did not make use of the Covid special redundancy benefits introduced by the Government to support economic activities, having used previously accumulated holidays also for periods of closure or low company activity imposed by Covid. They were used to a considerable extent, permitting a reduction in the cost of labour, especially in the first three months of the year. The reduction in costs for services is attributable to lower expenses for travel and business trips and to fewer external activities as a result of the Covid-19 restrictions.

Financial income and charges

Income from equity investments in the 2020/21 financial year (€ 7,000,000) refers to the distribution of dividends made by subsidiaries during the year under review.

Financial income for 2020-2021 (€ 326,692) refers to accrued interest and capital gains realised on financial securities (government securities and insurance products) held during the year. Financial charges (€ 255,480) mainly relate to the interest incurred on the intercompany loan (€ 77,444) and on the loans from banks (€ 148,036).

Adjustments to financial assets and liabilities

The revaluation of derivative instruments by € 34,777 reflects the mark-to-market adjustment recorded at the reporting date.

The write-down, equal to € 460,195, of the securities entered in current assets not constituting fixed assets reflects the lower market value of the securities recorded at the end of the year. This write-down refers to US government bonds, T-Bonds with a nominal interest rate of 4.5% maturing on 15.02.2036. It should be noted that the write-down already recognised in the financial statements would only take place in the event of an effective sale of the securities (at market value as of 31.03.21); vice versa, the maintenance of the investment until maturity, with a substantial coupon flow and redemption at par of the capital, would make it possible to recover the entire capital invested plus a positive return.

Amount and nature of revenues/costs of individual significance

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

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

Income taxes for the year, current and deferred

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

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

	FY 2020/2021	Year 2019/2020
Income taxes	**(1,873,092)**	**1,633,617**
Current taxation		
of which: IRES for the year (current)	-	1,411,175
of which: IRAP for the year (current)	102,943	318,249
of which: Taxation relating to prior years	(309,484)	(15)
Consolidation charges	93,972	-
Deferred taxation	(1,760,523)	(95,792)

They are detailed in the following tables:

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

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	824,568	-
Total taxable temporary differences	8,066,435	576,282
Net temporary differences	7,241,867	576,282
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	1,467,092	241,639
Deferred tax liability (assets) of the year	(1,738,048)	(22,475)
Provision for deferred tax liability (assets) at the end of the year	(270,956)	219,164

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

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

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

The balance of deferred tax assets shown in the table is the net of provisions for the year less the deferred tax assets recognised in previous years and reversed during the period. To be specific, there is a simultaneous reversal of provision of deferred tax assets and liabilities.

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

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Deferred tax assets	19,920	1,797,632	197,896	1,599,736	1,619,656
Total	**19,920**	**1,797,632**	**197,896**	**1,599,736**	**1,619,656**

Provisions mainly refer to deferred tax assets calculated on the tax loss for the year originating from the tax recovery of costs, mainly related to the conclusion of the retention plan, previously added back and subjected to taxation. Deferred tax assets have been recorded on the basis of the presumable certainty that the tax credit can be reabsorbed by ordinary company operations in future years.

The utilisations mainly concern the partial simultaneous use of the tax losses for the year due to the group taxation regime pursuant to art. 117/129 of the Consolidated Income Tax (TUIR), which the company adheres to with its subsidiaries Endurance S.p.a. and Endurance Engineering S.r.l.

Explanatory notes, other information

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

Employment data

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

	Executives	White collar	Total employees
Average number	8	5	13

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

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

	Directors	Statutory Auditors
Fees	40,000	48,880

Fees of the legal auditor or auditing firm

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

- € 44,100 for the legal audit of the accounts, comprising the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries, as well as for checking the Group Reporting Package, prepared from the consolidated financial statements and submitted for the purpose of consolidating the Endurance Technologies Group;
- € 1,050 for the audit work performed in order to sign the tax declarations;
- € 28,413 for services provided by other members of the same network as the independent auditors.

Classes of shares issued by the Company

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

Securities issued by the company

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

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, c.c.

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

It should be noted that with full repayment of the loan stipulated by the subsidiary Endurance S.p.a. in the financial year 2015/2016 with Intesa Sanpaolo, backed by a mortgage on properties owned by the Company, the off-balance sheet commitments and guarantees were extinguished.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

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

Loans for a specific business project

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

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) c.c., reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

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

Information about significant events arising subsequent to the reporting date

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

The painful events associated with the spread of Covid-19 and the exceptional restrictive measures for its containment adopted by the public authorities as a consequence, considering both their nature and extent, have had both direct and indirect repercussions for economic activity and have created generalised uncertainty, the outcome and effects of which cannot be readily foreseen at this time. Even so, a steady recovery is expected with respect to the levels of activity experienced in 2020, although this depends very much on the measures adopted to contain the pandemic and the implementation of a widespread and effective vaccination plan.

At present, considering the actions already taken, we believe that the effects of the coronavirus epidemic are not expected to have an impact on business continuity of the Company and its subsidiaries.

The potential effects of this phenomenon on the financial statements cannot however be determined with absolute certainty; nevertheless, business activity is expected to grow as a result of both internal actions and the measures adopted by the government to tackle the pandemic.

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

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

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

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

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

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

Type of contract	Number of contracts	Original notional value	Notional value at March 31st, 2021	Fair value at March 31st, 2021
Interest rate Swap	2	15,000,000	5,500,000	(35,403)
TOTAL	**2**	15,000,000	**5,500,000**	**(35,403)**

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at March 31st, 2020 (fixed on 29 March 2020) was 82.8985 (77.7190 at 31 March 2019) - (source www.ecb.europa.eu):

Balance sheet	FY ended March 31st, 2020	FY ended 31 March 2019
Assets		
Non-current assets		
Fixed assets, net	15,396.06	12,629.37
Investments and other non-current assets	4,826.73	5,900.00
Current assets	9,605.88	11,022.75
Activities held for sale	-	33.37
Total Assets	**29,828.67**	**29,585.49**

Balance sheet	FY ended March 31st, 2020	FY ended 31 March 2019
Liabilities and quotaholder's equity		
Quotaholders' equity	**23,167.64**	**20,799.50**
Non-current liabilities		
Non-current financial liabilities	42.84	29.78
Other non-current liabilities	339.39	265.65
Current liabilities		
Current financial liabilities	5,643.49	7,738.02
Other current liabilities	635.31	752.54
Total liabilities and equity	**29,828.67**	**29,585.49**

Income Statement	FY ended March 31st, 2020	FY ended 31 March 2019
Revenues	**49,747.57**	**54,336.82**
Operating costs	41,962.53	46,854.49
Depreciation	1,992.48	1,756.98
Financial charges	108.15	170.73
Non-recurring income/(expense)	-	(208.00)
Income before tax	**5,684.41**	**5,346.62**
Taxation for the year (current and deferred)	1,407.49	1,768.01
Income (loss) for the year	**4,276.92**	**3,578.61**
OCI - Other comprehensive income	(43.44)	(23.39)
Total statement of comprehensive income	**4,233.48**	**3,555.22**

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

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

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

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

- Interprofessional fund for continuous training for the granting of state aid pursuant to EC regulation 651/2014 and under the de minimis regime pursuant to EC regulation 140/2013 for a total of € 30,000 against two separate disbursements, both of € 15,000.

Proposed allocation of profits or coverage of losses

Quotaholders, in light of the above, the Board of Directors would like to propose allocating the net income for the year of € 9,474,770 as follows:

- € 473,739 to the legal reserve;
- € 9,001,031 to retained earnings.

Explanatory notes, closing section

Quotaholders, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flows and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended March 31st, 2021, together with the proposed allocation of net income, as submitted by the Board of Directors.

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

Lombardore, May 14th, 2021

For the Board of Directors

The Managing Director

Massimo Venuti

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

Tel: +39 011 55971
www.deloitte.it

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Overseas S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2021, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

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

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

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Overseas S.r.l. as at March 31, 2021 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 18, 2021

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE OVERSEAS S.r.l.

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

Report of the Board of Statutory Auditors

Financial statements for the year ended March 31st, 2021

To the Quotaholder,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the legal audit function was assigned to Deloitte & Touche S.p.A. in a letter of appointment dated June 26th, 2020; accordingly, this report describes solely the supervisory work carried out in accordance with the law.

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

During the course of the financial year ended March 31st, 2021, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), in compliance with which we carried out the self-assessment, with positive results, for each member of the board of statutory auditors.

Activities carried out by the Board of Statutory Auditors during the year ended March 31st, 2021

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

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

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

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

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

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

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

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

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

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

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

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

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

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

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

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

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

The draft financial statements for the year ended March 31st, 2021, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- Balance sheet
- Income statement
- Statement of cash flows
- Explanatory notes

The result for the year is net income of € 9,474,770, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2021	FY 2020	Difference
FIXED ASSETS	70,508,369	63,474,058	7,034,311
CURRENT ASSETS	33,170,052	30,153,661	3,016,391
ACCRUED EXPENSES AND DEFERRED INCOME	118,385	112,913	5,472
TOTAL ASSETS	103,796,806	93,740,632	10,056,174

Description	FY 2021	FY 2020	Difference
QUOTAHOLDER'S EQUITY	46,137,833	36,663,063	9,474,770
PROVISION FOR RISKS AND CHARGES	1,603,267	1,798,832	195,565-
PROVISION FOR EMPLOYEE TERMINATION INDEMNITY	16,515	14,732	1,783
PAYABLES	55,959,725	55,244,757	714,968
ACCRUED EXPENSES AND DEFERRED INCOME	79,466	19,248	60,218
TOTAL LIABILITIES AND QUOTAHOLDER'S EQUITY	103,796,806	93,740,632	10,056,174

Income Statement

Description	FY 2021	FY 2020	Difference
VALUE OF PRODUCTION	8,812,533	10,995,606	2,183,073-
REVENUES FROM SALES OF GOODS AND SERVICES	8,562,652	10,672,488	2,109,836-
COST OF PRODUCTION	7,885,707	9,441,026	1,555,319-
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	926,826	1,554,580	627,754-
RESULT BEFORE TAXES (A-B+-C+-D)	7,601,678	5,331,014	2,270,664
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	1,873,092-	1,633,617	3,506,709-
NET INCOME (LOSS) FOR THE YEAR	9,474,770	3,697,397	5,777,373

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

More precisely, we note that:

- The accounting policies used in preparing the financial statements at March 31st, 2021 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 6, of the Italian Civil Code, goodwill is recorded in the balance sheet, the net carrying value of which amounts to € 742,765 at March 31st, 2021, recorded in relation to business combinations that

occurred in previous years and with our consent as the Board of Statutory Auditors, who verified the requisites for registration.

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

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

Result for the year

The net result ascertained by the Directors for the year ended March 31st, 2021, as shown in the financial statements, is positive for € 9,474,770.

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

Conclusion

Also considering the results of the work performed by the independent auditors, as explained in their audit report, issued without exceptions or remarks on May 18th, 2021, we unanimously believe that there are no reasons why the Quotaholders' Meeting should not approve the draft annual financial statements for the year ended March 31st, 2021, as drafted and proposed by the Directors.

Milan, May 19th, 2021

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

ENDURANCE OVERSEAS SRL

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

Report on operations

Consolidated financial statements for the year ended 31/03/2021

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

Information on the Company and the Group

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

The year just ended was heavily conditioned by the effects of the Covid-19 pandemic on the global economy, due to the restrictions imposed and various impediments to the conduct of economic activities. The lockdowns and the restrictions placed on free movement by the authorities in order to keep contagion in check have had a serious effect on several sectors (travel and tourism, catering and personal services), while also depressing the wider economy by lowering disposable incomes and reducing the propensity to consume of households and citizens.

According to preliminary estimates released by the OECD, global gross domestic product (GDP) contracted by 3.4% in 2020, with declines in all major countries excluding China, which grew by 2.3%.

The 6.8% contraction in the Euro area was worse than the global average, as evidenced by the performance of Germany -5.3%, France -8.2%, Italy -8.9% and Spain -11.0%.

In this context, car registrations were severely curtailed, especially in the spring, due to the widespread lockdowns that basically suspended all selling activities. Registrations picked up subsequently, although below previous years, taking advantage of the increased propensity of consumers to avoid mass transport which was considered less safe, also thanks to public incentives to replace less ecological vehicles. In the period corresponding to the financial year (from April 2020 to March 2021) registrations dropped overall by -18.7%. Looking at the European and UK markets (-17.7% in just the EU) with a collapse in the first quarter (-52.5%), then stabilising at -6% in the second quarter, -8.3% in the third quarter and +0.7% in the last quarter. However these figures compare with a previous year already partially hit by the pandemic (in fact, the 87% rise in March 2021 compared with 2020 in real terms results in a -16% if compared with March 2019, which was not hit by Covid). Given that these were generalised effects, the declines affected all countries and all car manufacturers. The drop was particularly significant in Spain (-29.4%) and the UK (-24.9%). The VW group, the main manufacturer with almost a third of market share in the EU, recorded a drop in registrations of 17.9%, Renault one of -18.5%, BMW -11.3% and Daimler -19.9%. Stellantis, the new player born in January 2021 from the merger between PSA and FCA, achieved 9% growth in the EU in the first quarter of activity from the aggregation (although improper and only for indicative purposes, combining PSA and FCA data also in the periods prior to the merger, the annual figure would have shown a reduction in registrations of -26.5%). The other major car manufacturers had the following registrations in the last quarter of the year (January-April 2021): VW -1.4%, Renault -1.2%, BMW +8.6% and Daimler -9.1%.

P&C's vehicle production figures published by IHS MARKIT for calendar year 2020, down by 15.3% compared with overall registrations, show a contraction in world output of -16.9% (from 73.8 to 61.4 million vehicles) distributed in all the macro areas of the world: EU -23.3%, North America -20.4%, South America -34.2%, Asia -12.3%, Middle East and Africa -12.3%. Within the European Union, Germany was the leading producer with an output of 3.4 million vehicles (albeit down 24.7% compared with the prior year), followed by Spain 1.8 million (-19.5%), the Czech Republic 1.1 million (-19.3%), Slovakia 0.9 million (-12.0%), France 0.9 million (-45.8%), and Italy 0.5 million (-13.2%).

In the same period, exports of vehicles from the European Union fell both in volume (-17.5%) and in value (-16.0%), while imports also fell in volume (-32.0%) and in value (-19.7%).

In 2020, the market share of traditional internal combustion vehicles stood at 75.5% of the EU market (petrol 47.5% and diesel 28.0%), while hybrid electric vehicles (HEVs) accounted for 11.9% and electrically-chargeable vehicles (ECVs) 10.5% of registrations.

Industrial management of the Company saw production come to an almost total standstill in the first quarter, a slow recovery in the second quarter, followed by a third quarter working at over full capacity, driven by incentives and the replenishment of inventories by manufacturers. Despite the many difficulties, firstly due to the underutilisation (with the inevitable inefficiencies) and then to the over-utilisation (with consequent extra costs) of the production factors, the net result was still positive, amounting to € 12,6 million or 7,35% of the value of production, with an EBITDA of approximately € 30.7 million

The positive results allowed to improve the consolidated financial structure and overall available liquidity, despite the investments made during the period and the financial commitments linked to the acquisition of Endurance Adler S.p.A..

Key events

As mentioned previously, the Company has suffered the effects of the Covid 19 pandemic.

The preventive measures introduced, the recommendations promptly adopted and the efforts made by the entire organisation to avoid internal contagion, made it possible to contain cases of positivity to the virus, guaranteeing the safety of the workplace and thereby avoiding plant closures, except in cases imposed by national authorities.

Actions taken at Endurance Group level, allowed to reacted promptly to the extraordinary effects of the pandemic by taking steps to safeguard the health of all employees, as a priority objective, as well as to guarantee the continuity of production to the extent possible under appropriate safety conditions (purchase of PPE, reorganisation of operating procedures, interactions and movements within corporate facilities, as well as recourse - where practicable and applicable - to remote working for all professional roles).

The most significant events that took place during the year with an impact on the Group's structure include the following:

- on April 15, 2020, the Parent Company Endurance Overseas S.r.l. acquired the shares representing 99% of the share capital of Adler S.p.A. (now Endurance Adler S.p.A.), through the subscription of the share capital increase approved by the Shareholders' Meeting of the newly acquired company. During the year, the process for the reorganisation and re-launch of Endurance Adler S.p.A. businesses was implemented with the financial support of the Group, also through the acquisition, in May 2020, of Grimeca S.r.l. and of brands and know-how in the motorcycle braking systems sector, with the medium-term aim of creating, in Italy, a centre of excellence for the production of motorcycle components;
- the the merger by incorporation of Adler RE S.r.l. (a company already controlled by Endurance Adler S.p.A.) and Grimeca S.r.l. into Endurance Adler S.p.A., which became effective on January 1st, 2021, with backdating of the accounting and tax effects to the beginning of the year (April 1st, 2020).

In order to deal with the effects of the pandemic and improve overall performance, further initiatives to rationalize the Group's operating structures were implemented during the year. In particular:

- the Endurance S.p.A. foundry activities of the Turin area were concentrated in the Chivasso plant, through a major transfer of part of the die-casting machinery of the Grugliasco plant - after a massive overhaul of the transferred plant and machinery - with potential effects on production efficiency. In order to preserve the employment base, all the employees of the Grugliasco plant have been relocated to the other plants in Chivasso and Lombardore;
- the Grugliasco plant was then made available to Endurance Engineering S.r.l., for transferring the production site, to accommodate the plastic components production activities previously carried out at the Turin plant (not owned by the Group). This initiative has the objective of producing multiple benefits, allowing the Group to optimize the use of owned areas in replacement of rented sites (which also became redundant with respect to production needs) and at the

same time enabling a recovery of industrial efficiency that would have been difficult to achieve at the previous site due to a less favourable layout. In this context, in the last part of the year, the Grugliasco plant underwent a thorough re-modernization, taking into account the specific adaptations required by an efficient plastic components molding process, in particular by installing automatic raw material distribution systems, optimizing logistics handling and setup times, as well as automating some high-volume productions.

With reference to the Group's other investment initiatives, attention is drawn to the start-up, which took place in the first half of the year, of two new complete 1000-ton die-casting machines at the Bione (BS) plant, acquired through financial leasing contracts, as well as the installation and start-up of the automated processing line for the GSE engine block for the Teksid customer into the mechanical processing site in Chivasso (TO) and investments to update the equipment of the automated lines for the production of the Zylinderkophaube part (Volkswagen customer) in its renewed and evolved version "ACT+", as well as in relation to the start-up of investments to set up additional production capacity linked to further new orders (with customers VW, BMW and FCA/Stellantis), acquired in previous years, with start-up scheduled for 2021/2022.

The commercial activity carried out during the financial year 2020/2021 enabled the acquisition of new contracts, in particular

- in the field of die-casting and machining, projects worth around € 14 million in annual turnover at full operational level, mainly relating to the VW group (including the Audi division), which will involve components for traditional, hybrid and full electric applications and will go into production from 2023/24 onwards;
- as regards the production of plastic parts, there have been acquisitions for an additional annual value of € 3.3 million, for components acquired mainly from customers Maserati and Hanon, with production starting from 2021/2022.

Financial position

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

Balance Sheet - Assets

Item	FY 2020-2021	%	FY 2019-2020	%	Change	Change %
WORKING CAPITAL	**138,681,689**	**54.28%**	**121,348,497**	**54.10%**	**17,333,192**	**14.28%**
Immediate liquidity	**51,059,053**	**19.98%**	**53,837,305**	**24.00%**	**(2,778,252)**	**-5.16%**
Cash and cash equivalents	51,059,053	19.98%	53,837,305	24.00%	(2,778,252)	-5.16%
Deferred liquidity	**61,366,002**	**24.02%**	**41,047,364**	**18.30%**	**20,318,638**	**49.50%**
Current receivables included in working capital	28,671,862	11.22%	25,330,084	11.29%	3,341,778	13.19%
Current portion of non current receivables	493,188	0.19%	15,755	0.01%	477,433	3030.36%
Financial assets	31,406,015	12.29%	15,297,153	6.82%	16,108,862	100.00%
Accrued income and prepaid expenses	794,937	0.31%	404,372	0.18%	390,565	96.59%
Inventories	**24,981,634**	**9.78%**	**26,463,828**	**11.80%**	**(1,482,194)**	**-5.60%**
Non current assets held for sale	**1,275,000**	**0.50%**	**-**	**0.00%**	**1,275,000**	**-**
FIXED ASSETS	**116,807,919**	**45.72%**	**102,936,919**	**45.90%**	**13,871,000**	**13.48%**
Intangible assets	6,935,662	2.71%	4,382,741	1.95%	2,552,921	58.25%
Tangible fixed assets	100,258,622	39.24%	93,094,189	41.51%	7,164,433	7.70%
Financial fixed assets	324,843	0.13%	4,819	0.00%	320,024	6640.88%
Non-current portion of receivables included in working capital	9,288,792	3.64%	5,455,170	2.43%	3,833,622	70.28%
CAPITAL EMPLOYED	**255,489,608**	**100.00%**	**224,285,416**	**100.00%**	**31,204,192**	**13.91%**

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

- with regard to current assets

- the increase (for a total of € 13.3 million, including the effect of changes in the consolidation perimeter for € 0.5 million) in cash and cash equivalents and financial assets (represented by investments for the Group liquidity management), recorded in relation to the positive cash flows recorded by the Group, net of investments, described below;
- the trend registered by other elements of working capital, including in particular the increase (approximately € 3.3 million, including the change in the consolidation perimeter for € 2.1 million) in the value of current receivables (in particular in relation to the trend in business volumes recorded in the final part of 2020/2021, compared to the corresponding period of the previous year, impacted by the reduction and subsequent interruption of production activities in March 2020) and the reduction in inventories (€ 1.5 million, even considering the impact of the consolidation of Endurance Adler S.p.A., contributing with € 1.8 million), for the same reasons described above, which had led to an increase in stocks at the end of the previous year;
- among current assets, it should be noted the classification (pertaining to the consolidation perimeter variation) of fixed assets held for sale (€ 1.3 million as at March 31st, 2021) represented by the value of the portion of the building property in Rovereto, acquired in the context of the first consolidation operation Endurance Adler S.p.A. and subject to a transfer agreement, which is being formalized in the first quarter of the 2021/2022 financial year;

- with reference to long-term assets, in particular, following trends are registered:
  - the increase in the net value of tangible and intangible fixed assets (by € 2.5 million and € 7.1 million respectively), following the combined effect of the following factors:
    - change in the consolidation perimeter, which led to increases of € 1.4 million for intangible fixed assets and € 2.2 million for tangible fixed assets (including the effects of allocating the differences between book values and fair values of assets and liabilities recorded on first-time consolidation, which led to the recognition of goodwill/consolidation difference amounting to € 0.7 million);
    - recognition of amortization and depreciation for the period (totalling € 19.0 million), as well as the effect of write-downs (€ 0.3 million) applied to the value of fixed assets held for sale, which were then reclassified under current assets;
    - investments made during the year, amounting to € 2.9 million under intangible fixed assets, (mainly relating to the purchase of the Grimeca brand, as well as the capitalization of development costs) and € 14.7 million, linked to the expansion of production capacity for new orders acquired, in particular with clients Teksid, VW and FCA as well as the strengthening of foundry structures (with the purchase of 2 new 1000 ton machines installed in the Brescia plant and the refurbishment of the machines involved in the relocation from the Grugliasco plant to the Chivasso plant);
    - net of disposals recorded during the period (for a net value of approximately € 1.4 million);
    - the impact of the revaluation carried out pursuant to article 110 of Legislative Decree no. 104 of August 14th, 2020 (the "August Decree"), converted into Law no. 126/2020, which affected certain production assets in the die-casting and mechanical processing segment (for a net value of € 8.9 million);
  - the increase in medium/long-term receivables mainly refers to the increase in the balance of deferred tax assets recorded during the year (€ 9.2 million as at March 31st, 2021), both with reference to the differences in statutory and tax values, in particular of fixed assets and provisions for risks and write-downs and in relation to the recognition at consolidated level of negative taxable income, following the application of extra deductions related to the use of the benefits linked to the Industry 4.0 incentives (so called “super-depreciation” and “hyper-depreciation”) connected with the significant investments made by the Group in recent years.

Translated with www.DeepL.com/Translator (free version)Balance Sheet - Liabilities and Quotaholders' Equity

Item	FY 2020-2021	%	FY 2019-2020	%	Change	Change %
CURRENT LIABILITIES	**112,496,902**	**44.04%**	**98,798,747**	**44.05%**	**13,698,155**	**13.86%**
Current payables	112,006,534	43.84%	97,838,292	43.62%	14,168,242	14.48%
Accrued expenses and deferred income	490,368	0.20%	960,455	0.43%	(470,087)	-48.94%
NON-CURRENT LIABILITIES	**48,164,330**	**18.85%**	**51,965,718**	**23.17%**	**(3,801,388)**	**-7.32%**
Non current payables	37,846,793	14.81%	39,810,481	17.75%	(1,963,688)	-4.93%
Provision for risks and charges	6,708,909	2.63%	9,102,302	4.06%	(2,393,393)	-26.29%
Employee termination indemnity	2,949,445	1.15%	2,403,969	1.07%	545,476	22.69%
Accrued expenses and deferred income	659,183	0.25%	648,966	0.29%	10,217	1.57%

Item	FY 2020-2021	%	FY 2019-2020	%	Change	Change %
QUOTAHOLDERS' EQUITY	**94,828,376**	**37.12%**	**73,520,951**	**32.78%**	**21,307,425**	**28.98%**
Quotaholders' equity attributable to the Group	**94,825,042**	**37.12%**	**73,520,951**	**32.78%**	**21,304,091**	**28.98%**
Quota capital	16,105,263	6.30%	16,105,263	7.18%	-	0.00%
Reserves	19,250,169	7.53%	10,428,348	4.65%	8,821,821	84.59%
Retained earnings (accumulated losses)	46,821,884	18.33%	31,221,559	13.92%	15,600,325	49.97%
Net income (loss) for the year	12,647,726	4.95%	15,765,781	7.03%	(3,118,055)	-19.78%
Quotaholders' equity attributable to minority interest	3,334	-	-	-	**3,334**	-
FINANCING SOURCES	**255,489,608**	**100.00%**	**224,285,416**	**100.00%**	**31,204,192**	**13.91%**

With reference to the structure of the Group's liabilities, the following are highlighted in particular:

- within the scope of third party capital, the main changes regard
    - the increase of approximately € 13.7 million in current liabilities, in relation to both the change in consolidation perimeter (with an effect equal to € 7.1 million), and the increase in the volume of business recorded in the last part of the year under review compared to the previous one, characterized by the slowdown and then interruption of production activities due to the outbreak of the pandemic at continental level;
    - the reduction in non-current liabilities, for a total of € 3.8 million, linked to the renewal of debt structures (through the subscription of new loans for a total of € 22.6 million, net of the contractual repayments of existing liabilities for € 23.2 million) and the net use/reversal of provisions for risks (accrued in previous years) for approximately € 3.5 million, which more than offset the effect of the change in the consolidation perimeter (increase of € 3.7 million);
- as regards quotaholders' equity, the increase of € 21.3 million, following the recording of the positive result for the period (€ 12.6 million) and the impact on consolidated equity of the revaluation carried out pursuant to Legislative Decree no. 104 of August 14, 2020 (for € 8.7 million, net of the related withholding tax due for the tax recognition of the re-valued values).

Key indicators of financial position

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

RATIO	FY 2020-2021	FY 2019-2020	% Change
Fixed asset coverage	87.79 %	75.41 %	16.42 %
Amounts payable to banks to working capital	39.91 %	46.69 %	(14.52) %
Debt ratio	1.69	2.05	(17.56) %
Financial debt ratio	0.73	0.92	(20.65) %
Equity to capital employed	37.12 %	32.78 %	13.24 %
Financial charges to turnover	0.49 %	0.37 %	32.43 %
Current ratio	122.56 %	122.02 %	0.44 %
Primary coverage amount	(12,690,751)	(23,960,798)	47.04 %
Primary coverage ratio	0.88	0.75	17.33 %
Secondary coverage amount	34,814,396	27,355,954	27.26 %
Secondary coverage ratio	1.32	1.28	3.12 %
Net working capital	25,525,604	21,900,784	16.55 %
Acid test margin	543,970	(4,563,044)	111.92 %
Acid test ratio	100.48 %	95.41 %	5.31 %

Consolidated statement of cash flow

Item	FY 2020-21	FY 2019-20	Change	Change %
Cash and cash equivalents at beginning of period	**53,837,305**	**64,422,667**	**(10,585,362)**	**-16.43%**
a. Cash flows from operating activities	30,294,765	26,414,895	3,879,870	14.69%
b. Cash flows from investing activities	(31,685,009)	(37,823,520)	6,138,511	-16.23%
c. Cash flows from financing activities	(909,546)	823,263	(1,732,808)	-210.48%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(2,299,790)**	**(10,585,362)**	**8,285,573**	**-78.27%**
d. Cash flow for acquisition of subsidiaries	(1,010,870)	-	(1,010,870)	-
e. Net cash and cash equivalents acquired	532,408	-	532,408	-
(Acquisition of subsidiaries, net of cash and cash equivalents) (d ± e)	**(478,462)**	**-**	**(478,462)**	**-**
Cash and cash equivalents at the end of the period (a ± b ± c ± d ± e)	**51,059,053**	**53,837,305**	**(2,778,251)**	**-5.16%**

With reference to the cash flow trend for the period, it should be noted that the Group recorded a decrease in cash and cash equivalents of approximately € 2.8 million during the year, due to the combined effect of the following factors

- the positive performance of operations, which led to a net positive cash flow of € 30.3 million, to which contributed both the P&L performance (with an EBITDA of approximately € 30.7 million), and the change in net working capital (in particular due to the increase in trade payables);
- cash flow connected with investments made during the period (for a net outlay of € 31.7 million), primarily relating to
  - tangible fixed assets, aimed at increasing the production capacity related to on-going projects and those of new acquisitions (€ 14.2 million);
  - intangible fixed assets (€ 2.9 million), referring mainly to the capitalization of development costs and the acquisition of the "Grimeca" brand;
  - financial assets not held as fixed assets (intended to provide the Group with liquidity) totalling € 16.1 million;
- cash flows relating to financing activities - with an overall negative effect of € 0.9 million - which include the effect of the change in long-term debt (increases due to new disbursements of € 24.5 million, offset by repayments made during the period in relation to contractual maturities amounting to € 25.3 million) and the reduction (€ 0.1 million) in short-term bank debt;
- finally, the effect of the outflow determined by the change in the consolidation, net of cash acquired (for a net effect of € 0.5 million).

Profit & Loss results

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

Income Statement

	Year 2020-2021	%	Year 2019-2020	%	Change	Change %
VALUE OF PRODUCTION	**172,110,229**	**100.00%**	**211,582,684**	**100.00%**	**(39,472,455)**	**-18.66%**
- Consumption of raw materials	66,089,209	38.40%	83,995,707	39.70%	(17,906,498)	-21.32%
- General expenses	35,491,000	20.62%	42,432,411	20.05%	(6,941,411)	-16.36%
VALUE-ADDED	**70,530,020**	**40.98%**	**85,154,566**	**40.25%**	**(14,624,546)**	**-17.17%**
- Payroll costs	38,062,875	22.12%	40,223,386	19.01%	(2,160,511)	-5.37%
- Provisions	300,000	0.17%	-	0.00%	300,000	-
GROSS OPERATING MARGIN	**32,167,145**	**18.69%**	**44,931,180**	**21.24%**	**(12,764,035)**	**-28.41%**
- Depreciation, amortisation and writedowns	19,241,727	11.18%	22,251,070	10.52%	(3,009,343)	-13.52%
- Other operating expenses	1,429,812	0.83%	2,063,489	0.98%	(633,677)	-30.71%
INCOME BEFORE FINANCIAL ITEMS	**11,495,606**	**6.68%**	**20,616,621**	**9.74%**	**(9,121,015)**	**-44.24%**
+ Financial items	(389,556)	-0.23%	(518,060)	-0.24%	128,504	-24.80%

+ Adjustments to financial assets	(557,911)	-0.32%	(13,251)	-0.01%	(544,660)	4110.33%
INCOME BEFORE TAX	**10,548,139**	**6.13%**	**20,085,310**	**9.49%**	**(9,537,171)**	**-47.48%**
- Taxation	(2,087,335)	-1.21%	4,319,529	2.04%	(6,406,864)	-148.32%
NET INCOME	**12,635,474**	**7.34%**	**15,765,781**	**7.45%**	**(3,130,307)**	**-19.86%**
EBITDA	**30,737,333**	**17.86%**	**42,867,691**	**20.26%**	**(12,130,358)**	**-28.30%**

From an economic point of view, the 2020/2021 financial year recorded a decrease in the value of production (-18.7%, equal to approximately € 39.5 million), significantly influenced by the effects of the automotive market performance, which during the year recorded a significant slowdown related to the spread of the Covid-19 pandemic in the first part of the year. With specific reference to the Endurance Group, this situation - by virtue of the measures implemented by the Italian government and others at a continental level - led to the interruption of production activities for a limited period of approximately 6 weeks at the beginning of the year, followed by a recovery that was only partial throughout the first part of the year, thus returning to pre-pandemic volumes during the third quarter, subsequently confirmed, despite with some new slowdown, during the last months of the fiscal year.

The trends described above also take account of the impact of the change in the consolidation perimeter which, in terms of value of production, contributed for about € 6.2 million (if considered on a comparable perimeter, the decrease compared with the previous year would have been 21.6%).

In particular, with reference to the turnover of the year towards the company's main customers, the following main trends were recorded:

- with reference to domestic customers, a significant reduction in sales to the Stellantis/FCA group (approx. 14% less than the previous year), and the CNHI group (a reduction of 25%), resulting in consolidated revenues down by approx. € 14 million compared to the previous year;
- as far as foreign customers are concerned, the same downward trend in volumes was recorded with Volkswagen (a decrease of around € 16 million, or 27% less than the previous year), as well as with the PSA/GM group (now merged into Stellantis Group, with a reduction of around € 7 million) and, to a lesser extent, with the BMW and Daimler groups.

With reference to the 2020/2021 financial year, the FCA/Stellantis group and VW have confirmed their position as the Group's main customers, accounting respectively for around 36% (38% considering the extended Stellantis perimeter to include the PSA/GM brands) and 26% of total turnover, followed by CNHI (8%), Daimler (3%) and BMW (3%). The plastics segment accounted for approximately 5% of total sales in the year under review.

With reference to the structure of production costs, a more than proportional reduction was recorded as compared to the trend in turnover, in particular in the weight of purchases of raw materials, which fell by € 17.9 million (equal to 21.4% compared to the previous year), while with reference to general expenses, the reduction recorded was lower (equal to 16.4%, for a decrease of € 6.9 million compared to the previous year), in particular due to the effect of the lower reduction in logistics expenses and expenses for services related to the management of the quality improvement process - which was further put under pressure by the operational difficulties encountered during the year due to the pandemic effects - in order to guarantee supply levels and customer requests (strongly affected by the fluctuations determined by the changes in the procurement strategies made over the last few months, for the management first of lock-downs and then of the market recovery phase). It should be noted that the effect determined by the consolidation of Endurance Adler S.p.A. led to a contribution of € 4.8 million to these costs (on a like-for-like basis, the reduction in production costs for the year 2020/2021 would have been even greater, at 23.5%).

Payroll costs for the year were down on the previous year (by € 2.2 million, or 5.4%, which would have risen to 9.9% on a like-for-like basis), due to the combined effect of various factors:

- the cost reduction obtained through the use - in the first part of the year - of the support made available for pandemic management (the Group Companies made use of the Extraordinary Redundancy Fund Covid-19 - involving a gradually reduced number of employees - for the period from April to July 2020, with the exception of Endurance Adler S.p.A. which extended its use, for certain professional figures, for the entire year);
- offset by the effects linked to the strengthening of company structures – already planned - in relation to the process of consolidating the supply chain, a process in which the Endurance group has in any case invested despite the current market contractions, in relation to the confirmation of the development plans for the coming years;
- in addition to the above, the increase linked to the change in the consolidation perimeter should be considered (Endurance Adler S.p.A. contributed with a labour cost of € 1.8 million).

Amortization and depreciation recorded a reduction of approximately € 3.0 million compared to the previous year and was affected by the combined effect of:

- an increase linked to the investments made during the year, as well as the effects of the revision - in reduction - of the residual useful life of some assets dedicated to the production of specific parts, made in consideration of the changed expectations and sales forecasts of these products based on the changed scenarios of customers' orders;
- the increase relating to the change in the consolidation perimeter, equal to € 1.1 million, including the effect of the € 0.3 million write-down made during the year to adjust the value of the real estate complex in Rovereto (owned by Adler RE S.r.l., merged by incorporation into Endurance Adler S.p.A.) to the transfer value envisaged by the preliminary sales agreement signed in March 2021;
- reduction in the economic impact connected with the overall revision, carried out in application of standard OIC 16, of the residual useful life of certain categories of fixed assets (in particular for die-casting and mechanical processing machinery, excluding those specifically affected by the valuations indicated above), redefined - as from April 1st, 2020 - as a total of 10 years (compared to the previous reference periods of 6-7 years), based on the evidence of use of these production factors and the increase in the average duration of the reference contracts (also taking into account the modularity features introduced over the last few years, also based on customer requests).

It should be noted, with reference to such type of costs, that the Group did not make use of the option to suspend depreciation pursuant to Law no. 126 of 13 October 2020.

Compared to the previous year, there was also a reduction in other operating expenses (down by around € 0.6 million), which take into account a change in the consolidation perimeter effect of € 0.1 million.

The trends described above led to a profitability for the year in question that was in any case positive, even if lower as compared to the previous year: consolidated EBITDA, amounting to € 30.7 million, stood at 17.9% of the value of production (compared with 20.3% in the previous year). On a like-for-like basis, the final figure for the year would have been € 31.6 million (19.1% of the value of production), in view of the negative contribution of Endurance Adler S.p.A., which in the year of first-time consolidation suffered the effects of the restructuring initiatives implemented by the Endurance Group on the basis of the re-launching plans for the acquired company.
The performance described above, however, witnessed the Endurance Group's ability to react to the adverse market conditions caused by the spread of the Covid-19 pandemic, by managing to make production factors more efficient - without foregoing new investments and initiatives aimed at confirming development plans - in order to maintain a satisfactory level of earnings performance compared with market trends.

Financial management during the year worsened compared to the previous year (net charges of € 0.9 million compared to € 0.5 million in the previous year), in particular due to the effect of write-downs, allocated to securities recorded under current assets not constituting fixed assets, which took into account the temporary lower market value of the securities recorded at the end of the year (in particular with reference to US bonds), which will be offset by the recovery given by the coupon flows expected from maintaining the investment.

Income taxes - represented by a net income of € 2.1 million – recorded an overall reduction of approximately € 6.4 million (to which the change in the consolidation perimeter contributed for € 0.4 million) compared to the previous year, in particular due to the significant deductions mainly deriving from the full application of the benefits connected with the extra-deductions (so called “hyper-depreciation”) discipline in relation to the technologically advanced investments made in previous years, which determined - taking into account the overall reduction in business volumes - a negative tax income for the year 2020-2021.

Described impact led the Endurance Group to post a positive net result of € 12.6 million, equal to 7.3% of the value of production (compared to € 15.8 million, equal to 7.5% of the value of production, in the reference financial year). It should be noted that, if considered on a like-for-like basis, the net result for the period 2020/2021 would have amounted to € 14.4 million (equal to 8.4% of the value of production).

Key performance indicators

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

RATIO	FY 2020-2021	FY 2019-2020	% Change
R.O.E.	13.33%	21.44%	-37.86%
R.O.I.	10.87%	25.03%	-56.56%

RATIO	FY 2020-2021	FY 2019-2020	% Change
R.O.S.	6.58%	9.74%	-32.43%
R.O.A.	4.50%	9.19%	-51.05%

Information required by Art. 2428 of the Italian Civil Code

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

Main risks and uncertainties that the Group is exposed to

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

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Group's results are influenced by trends in the domestic and international economies. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Group's sales performance.

In particular, general economic conditions were affected at the end of the year - with continuation likely in the coming months - by the recessionary effects of the global spread of the Covid-19 pandemic including, in particular, those on the propensity to consume and on the functioning of production and distribution chains. Although in anticipation of the consolidation of an economic recovery supported by the spread of means to manage and contrast the pandemic (containment measures, dissemination of vaccination campaigns, support for economic recovery provided for by national and EU financing plans), the current and future economic situation is still affected by uncertainty about the effectiveness of the measures being introduced, a condition that will inevitably have repercussions on end-customers' propensity to consume and on the production chain.

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

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

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

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

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

- credit risks in relation to normal commercial transactions with customers;

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

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

Credit risks

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

The Group monitors constantly the level of outstanding receivables and adjusts the related allowances for collection risks.

Liquidity risks

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

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

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

Market risks

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

- *Risks relating to changes in interest rates*

  The Group utilises financial resources obtained mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. The Group can also factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and factoring and therefore affect the level of the Group's financial charges.

  To tackle these risks, the Group strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with the opportunities available under current market conditions.

  With this aim, the Group has appropriately structured its financing, mainly at floating rates, with repayment due in the medium/long term at favourable conditions (with the objective of optimising current conditions and mitigating the high volatility of interest rates).

  Lastly, where considered appropriate, the Group makes use of rate derivatives (interest rate swaps and caps) with the aim of hedging the risks described.

- *Risks relating to changes in exchange rates*

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

Key non-financial indicators

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

Information on the environment and safety

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

Work to monitor and maintain appropriate environmental protection standards in accordance with ISO 14001:2015 (Environmental management systems) and ISO 45001:2018 (occupational health and safety standard recognised and accepted around the world) continued during the year ended 31 March 2021.

Employee training sessions covered the following topics (in compliance with the State-Regions agreement of December 2011):
- General and job-specific topics in relation to safety;
- Training and refresher courses for the emergency and first-aid team;
- Training and refresher courses for worker safety representatives (and training for all newly-hired employees);
- Training and refresher courses for drivers of lift trucks;
- Radiation protection training for personnel involved in x-ray equipment testing;
- Training in the use of adjustable fork-lift trucks, in protective practices for personnel who operate machines that emit radio waves, in the safety aspects of using the following equipment: flame burners, oxyacetylene torches, welding tools;
- PES/PAV training for personnel working on electrical systems
- Training in the application of measures to contain the spread of Covid-19: introduction of health and safety guidelines and protocols for business continuity.

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

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

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

Work on installations included the following principal actions:

- *Lombardore plant - Turin (mechanical processing):*
  - Extension of emergency systems in a building used as a finished product warehouse.
  - Enhancement of the centralised air aspiration system of certain mechanical processing plants.
  - Restoration of service platforms on workstations.
  - Increased safety level of the compressed air system with the installation of appropriate overpressure safety valves in the compressor rooms.
  - Installation of barriers to protect pedestrian passages and equipment located in the departments.

- *Chivasso plant - Turin (die-casting):*
  - Installation of parapets on the perimeter of the roofs of buildings;
  - Interventions to further reduce exposure to noise in the die casting departments;
  - Subdivision of certain areas to improve the collection of fumes and reduce emissions;
  - Installation of more barriers to protect the pedestrian area;
  - Replacement of the melting furnaces with a new furnace with a higher capacity to make consumption and emissions more efficient.

- *Chivasso plant - Turin (mechanical processing):*
  - Installation of parapets on the perimeter of the roofs of buildings.
  - Installation of INDEVA intelligent industrial lifters and manipulators at the new processing lines.

Grugliasco plant - Turin (die-casting):
  - Rationalization of escape routes and realization of fire-resistant elements/partitions.
  - Upgrading of the air extraction system in the production departments, aimed at a better exchange of air.

- *Bione plant – Brescia (die-casting) :*
  - Installation of protective railings in the smoke analysis area.
  - Creation of a walkway on the roof of the warehouse with relative access stairs, for frequent emission sampling.
  - Installation of filters, pumps and meters for water runoff from the diesel tank.
  - Continuation of work to replace part of the lighting with LED lights;
  - Development of IT program to manage maintenance of environmental equipment;
  - Replacement of sandblasting filter with new ultra-low emission unit.
  - Creation of a new mineral oil storage box.
  - Installation of a new vertical double chamber tank for the storage of brine pending disposal.

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

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

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

In order to help contain the spread of the Covid-19 pandemic and ensure the continuity of production under safe conditions for personnel, the Endurance Group adopted a “Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace” in March 2020. This was prepared pursuant to the protocol agreed between the government and the social partners on March 14th, 2020, as extended on April 24th, 2020.

Briefly, the following main operating procedures have been envisaged (shared with employee representatives and with the company doctor at each site):
- provision of information to workers and third parties on arrival at production locations, containing necessary instructions for the protection of their health and safety;
- organisation of specific training sessions on correct behaviour in relation to maintaining sanitation conditions in the workplace;
- body temperature check on arrival at the Company and collection of declarations by employees and third parties confirming the absence of conditions that, by law, would restrict their movements or access to the premises;
- restriction of access to the premises by external persons (customers, suppliers, visitors etc.) to essential or urgent cases;
- introduction of specific procedures that minimise contacts with external personnel (drivers/transport operators at logistics firms);
- dissemination throughout the Company's premises of the Ministry of Health's recommendations for the containment of the risk of infection and of correct behaviour to mitigate the risk of contagion;
- incentive to maintain a safe distance (1m) at work, integrated by the use of personal protective equipment (masks) made available to all members of staff;
- measures to restrict numerical access to common areas (rest and eating areas, changing rooms);
- restriction of in-person meetings, with requirements to maintain social distancing of at least one metre and keep the rooms clean and ventilated;
- suspension/cancellation of all travel/business trips (unless absolutely essential);
- use of smart working whenever possible from an operational and technological standpoint;
- encouragement to use holiday time and paid leaves of absence, as supplemented by recourse to the social buffers due to the reduction or suspension of productive activities;
- increased frequency of cleaning and sanitisation activities and distribution/availability to personnel of detergents and sanitising gels; periodic deep sanitisation by specialists using products with greater cleansing power.

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

During the year the Group companies were inspected by the control bodies responsible for verifying implementation of the protocols for limiting the spread of the pandemic (which is also subject to validation by independent certification bodies). No exceptions were found and suggestions for improvement were shared with the competent bodies and promptly implemented.

Information on personnel management

The Group's workforce averaged 611 employees during 2020/2021, compared with 559 in the previous year (mainly in connection to the change in the consolidation perimeter, taking into account the average workforce of Endurance Adler S.p.A., equal to 52 units). Details of the types of employment are given below

Employees	2020/21	2019/20
Managers	18	16
White collar	137	123
Blue collar	456	420
Total	**611**	**559**

At 31/03/2021 the overall workforce of the Group amounted to 614 employees.

The main training activities during 2019-2020 focused on Manufacturing, Engineering and Quality, with a view to upgrading general and specific skills also in relation to the variables linked to the continuous improvement of production and corporate processes. Particular attention and targeted interventions have been envisaged for the certification of skills in relation to "Customer Specific Requirements", as a necessary requirement for companies in the sector in which the Group operates.

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

Manufacturing/production-related training:

- Development of knowledge and specific skills via classroom and on-the-job training sessions covering the start-up of new lines and management of the related procedures. These activities were partly carried out in partnership with the suppliers of the mechanical processing plant and automation lines concerned. They covered, in particular:
    - Operational management of the automation and mechanical processing lines with external and on-the-job training to develop the specific skills of the specialised and operational staff and to train up people in new dedicated roles;
    - Self-maintenance of the die-casting and machining plants, with the application of lean manufacturing approaches to the management of tools including, in particular, the 5S method;
    - On-the-job activities related to the improvement of production processes and verification of compliance of processed and semi-finished products;
    - Problem solving for the independent management of production issues, as part of the process of continuous improvement;
    - Continuous on-the-job training of production personnel aimed at increasing awareness of product quality characteristics, customer requirements and updating control chart specifications.

Engineering/quality training:

- Internal quality: improvement, via on-the-job training, in the internal management of the conformity variables of processed and semi-finished products, the various control methods and the quality system documentation;
- Forecasting, updating and verifying the quality system documentation through operational training;
- Skills certification: External training related to the certification of skills and approaches envisaged by customers and in particular:
    - AIAG and VDA - for updating FMEA documents ;
    - Participation in the "BMW Campus - Zero Defect Supply Chain" training sessions;
    - APQP and PPAP, methods and practical applications;
    - CQI 27 – Casting System Assessment;
    - Qualification of First and Second Party Auditors in accordance with the IATF 16949: 2016 Quality Management System;

- Planning of training for the development of technical and managerial skills, particularly:
  - CMM programming - Zeiss and CMM – Hexagon PC – Dimis;
  - Training in the use of the CMM - Tigo for the measurement of production components;
  - Electromechanical maintenance of GrobWerke equipment and plants;
  - Qualification of the personnel assigned to "non-destructive" checks;
  - Development of specific skills on complex technical drawings: analysis, interpretations, applications, rules and symbologies.

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

The overall activities carried out (including those mentioned previously when talking about the environment and training) involved the Group's staff in a total of around 4,300 hours with training activities carried out internally and externally (as well as on the job).

Research and development activities

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

With reference to the “Future Manufacturing Endurance” project launched in 2015/2016 for the introduction of the pilot line - currently validated as an implementation standard for subsequent investments - and completed operationally at the end of 2017/2018, during 2020/2021 the second level audit procedures by the verifying bodies of the Ministry of Economic Development were completed, with confirmation of that the expected grants would be awarded: the final authorisation is awaited for completion of the disbursements.
The total grant awarded amounted to a non-refundable € 433 thousand (of which 90% was received during the year), in addition to the disbursement of a subsidised loan for a total of € 3,006 thousand (also disbursed 90% during the year).
The process of amortising the costs related to this project was completed during the year (originally for an amount of € 2,677 thousand).

With reference to the other main special project that involved the Group during the year (industrial research project and experimental development for the industrialisation of innovative products in aluminium alloy (ICARO Project), as part of the Regional Operational Programme ERDF 2014/2020 - Action I.1b.1.1 - Call for tenders "IR2" Industrialisation of Research Results, which the Company takes part in as Project Manager of a partnership of 3 companies, it should be noted that the stages of completion of the research and development activities envisaged by the project have been registered and the costs incurred have been reported, followed by the recognition and disbursement of the related shares of grants or co-financing by the bodies concerned (Finpiemonte and Piedmont Region) for a total of € 106 thousand during the year ended March 31st, 2021 (based on costs pertaining to previous years, in relation to the validation times of the disbursing bodies).
With reference to this project, aimed in particular at the development of innovative die casting solutions (for the use of technologies such as vacuum and ways of improving production efficiency), completion of the activities is expected for the second half of 2021 (followed by a final report on the results).
The disbursing bodies are currently analysing the final balances of the costs incurred starting from the second half of 2019. The outcome of this analysis - in terms of recognition and disbursement of the grants - is expected in the next few months.

With regard to the new initiatives undertaken from 2019/2020, there is the Group's participation in two Important Projects of Common European Interest (IPCEI) for the development of new generation electric batteries, which was developed as part of the European Battery Alliance and approved by the European Commission at the end of 2019 and during the second half of 2020.
In the context of these initiatives (which involve numerous companies from the main European countries in a synergic way), Endurance Group is committed with multi-year projects with a time horizon up to 2028, within the related areas:

a) in developing cells and modules, in particular for applications in the automotive and traction sectors, through a project for the development of so-called battery housings, with the use of secondary aluminium alloys, particularly attractive in relation to the reduced impact of the carbon footprint and
b) in developing battery swapping systems, linked to the reuse of batteries (with the aim of optimising the life cycle of electric traction systems).

Currently the projects are in an initial phase of research and planning of investments, pending the completion by the Italian Ministries of the implementing decrees of the concession, preparatory to the start of the reporting activities.

Lastly, during the year, the Group took part in the drafting of the contribution for participation in the "Salema" project (in the context of the HORIZON 2020 project model) in the context of which, in collaboration with European companies and OEMs (Stellantis/FORD), new alloys with a low CRM (Critical Raw Materials) content will be developed. It should be noted that the project saw the completion of the approval process by the European Union in April 2021 and was formally launched at the start of May.

In addition to the main projects described above, corporate departments have also progressed other product and process development activities, which have pursued the following main directions:

- The principal activities carried out in the mechanical processing area included:
    - Design and implementation of innovative technical solutions for the automated control of critical product characteristics (e.g. vision system on ACT).
    - Co-design activities completed with strategic customers (BMW, AUDI) in the stages of defining the most recently acquired products;
    - Concept design activities carried out for EV platform components. In particular, planned activities completed as part of one of the "IPCEI" projects described above;
    - Installation and start-up of the automated processing line for the GSE engine block for the customer Teksid;
    - Continuation of feasibility studies regarding the recovery and reconversion of workstations for the re-engineering of new production, including analysis for a supplementary review of plant layout changes that rationalise activities ahead of the introduction of additional production capacity to service the new contracts;

  To support the acquisition of new products with the preparation of estimates and detailed Technical Reviews, as well as the completion of the first estimates for particular battery housings for application on EV engines..

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

- The principal projects in the die casting area included:
    - Development of preliminary feasibility studies, equipment lay-out, detailed analysis of demoulding, filling and solidification simulation, definition of excess metal ("stock") by consolidating existing methodologies;
    - Preparation of technical reviews;
    - With regard to the traceability of the raw part, specifications have been defined for marking on a die-casting island for components to be blasted with Zn/Al.
    - The preparation of databases referring to materials with characteristics of primary alloys and to the process specifications for the production of components with a large printed surface (in particular for applications on battery housing) has been completed.
    - Comparative analysis of virtual process simulation results and CTSCAN/X-ray surveys has been commenced;
    - Solutions to improve the quality of the raw materials have been defined, tested and launched into production, with the introduction of:
        - localized squeeze technology;
        - jet cooling for blocks; and
        - inserts in additive manufacturing.
    - Implementation of activities aimed at increasing the performance of the molds: analysis and testing of new materials/heat treatments/coatings with nano-technologies for the reduction of extraordinary maintenance activities on the machine (polishing/replacement of pins).
    - Installation of "TEST" thermal cameras on some machines, to manage the recording of thermographs in process: currently data analysis are underway to evaluate improvement of the lubrication cycle.

Working together with affiliates and third-party partners, die casting equipment was designed and made for new products, with related sample production at various customer sites, especially FCA/Stellantis. Industrialisation activities were also started/completed for the products indicated above; this involved further components for all the main customers of the Company. Moreover, during the year, equipment was manufactured and sampled, for new products and refurbishments, in the heating domestic-industrial sector, automotive sector and mechanical-textile/gas regulation sectors.

In the context of plastic molding activities, development activities have focused on the following areas

- implementation of inter-functional team that has allowed an increase in preventive/product development activities on articulated projects, both in the functional sphere (e.g. Hanon-Renault HR12 project, with parts development in Beta phase and automated assembly line) and in the functional/aesthetic sphere (e.g. Cover Maserati M182).
- focus of production set-up through investments in fully automated assembly lines for which the technical department has followed the industrialization from the design phases to the SOP;
- confirmation of the strategic product development plan on "strategic" product families in the field of cooling circuits (pumps, ECF System, aesthetic and functional covers);
- consolidation of the supplier panel review strategy in the area of tooling and assembly lines;
- development and equipping of projects in the industrialization phase with the Group's main plastic product customers.

In support of the acquisition of new products and modifications to existing ones, RFQs were managed, preparing technical reviews and drawing up estimates in the various project phases and in the various scenarios proposed by the main customers.

With particular reference to the set-up and validation activities of the new production plant (in Grugliasco, Turin), which will be completed during the month of May 2021, the technical departments have been part of the inter-functional team (Manufacturing, Quality Supply Chain, Project Management) assisting the plant relocation activities, through the support to the Quality and Manufacturing departments in obtaining the "approval to produce" following the process re-qualifications on all products in operation.

In addition, feasibility studies continued to develop technological integration projects within the Endurance Group, both in relation to the ultimate parent company, Endurance Technologies (India), and with the other subsidiaries (in particular the coordination of development activities with Endurance Castings S.p.A. in relation to structural integration of the supply chain).

Pursuant and consequent to point 1, para 3 of art. 2428 of the Italian Civil Code, we certify - with reference to the described R&D activities applied to products and the production process - that costs totalling about € 1.5 million were recorded during the year (capitalised under intangible fixed assets), as regards in particular:

- the payroll costs of the technical and production support personnel involved during the year in product and process development work (totalling about € 1.2 million, referring both to the specific projects subject to grants/co-financing as described, and to the development activity carried out by the technical departments in relation to the new products developed for the market);
- costs for the purchase of materials and equipment dedicated to development projects, depreciation of dedicated plant and machinery, specific consultancy costs, for a total of € 0.3 million - already partially subject to specific reporting, up to 31 December 2020, on the funded projects described above.

With reference to the various R&D activities mentioned, the Group has benefited from the tax credits envisaged pursuant to art. 1.70.d) of Law 145/2018 (so called “2019 Budget Law”). During the year, the Company recorded income relating to this situation (in relation to the costs incurred in 2019/2020 and subject to specific certification in the year under review) of € 442 thousand (to which the economic impact relating to costs validated in previous years must be added, recognised in relation to the depreciation process, for a further € 235 thousand).

Transactions with subsidiaries, associates, parent companies and fellow subsidiaries

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

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

Receivables from affiliates classified as current assets

Description	FY 2021	FY 2020	Change
from parent companies	40,522	-	40,522
from fellow subsidiaries	763,412	300,756	462,656

Description	FY 2021	FY 2020	Change
Total	*803,934*	*300,756*	*503,178*

Receivables from parent companies (€ 41 thousand as at March 31st, 2021) refer to commercial transactions with the Indian parent company Endurance Technologies Limited.

Receivables from fellow subsidiaries (amounting to € 763 thousand as at March 31st, 2021, higher as compared to the previous financial year) refer to receivables of a commercial nature, mainly connected with administrative, financial and support services provided by Endurance Overseas S.r.l. to the German subsidiary Endurance Amman GmbH (own by the parent company Endurance Technologies Limited, or "ETL"), on the basis of specific service agreements, regulated at market conditions.

Payables due to and loans from affiliates

Description	FY 2021	FY 2020	Change
payables due to parent companies	119,364	49,535	69,829
payables due to fellow subsidiaries	7,009,175	5,261,146	1,748,029
Total	*7,128,539*	*5,310,681*	*1,817,858*

Payables due to parent companies (€ 119 thousand at March 31st, 2021) refer to commercial transactions with the parent company Endurance Technologies Limited.

Payables to fellow subsidiaries (€ 7,009 thousand at March 31st, 2021, up by € 1,748 thousand compared to the previous financial year) refer to relations with the foreign subsidiary Endurance Amann GmbH and include for, € 4,004 thousand, the amount of the centralised cash pooling system operated by Endurance Overseas S.r.l., for € 3,000 thousand, a loan granted by the subsidiary to the Group, and for € 5 thousand, payables for commercial transactions.

Business outlook

The financial year ended was heavily conditioned by the effects that the restrictions and the Covid-19 pandemic have had on people's living conditions and therefore on the general market situation and company activities.

The gradual implementation of the vaccination plan should allow, also in Europe, the gradual but steady improvement of the epidemiological picture for reaching of immunity scenario, as demonstrated by the trend of infections in countries that have been able to have more vaccine doses, especially for the most risky categories.

The extraordinary intervention plans announced some time ago by many countries and now being approved by their respective bodies should allow for a further improvement in the macroeconomic context with positive repercussions on employment and the consequent boost in consumption and GDP. On the basis of these expectations, according to OECD estimates, the world economy should grow by 5.6% in 2021 and 4.0% in 2022, with the euro area contributing +3.9% in 2021 and +3.8% in 2022.

The more favourable external outlook should therefore lead to an improvement in demand for motor vehicles with a positive reflection on the value of company production expected for the group.

Operating conditions will, however, remain very challenging due to the organizational complexities induced by prudent management of the risks deriving from Covid-19, which will have to be dealt with again, although in an expected improving context.

It is necessary, however, to remember the risks of an ever-possible recrudescence of infections due to the emergence of virus variants capable of bypassing the effect of vaccines. As well as the effects that an economic overheating due to an excess of monetary and government incentives could create in terms of inflation rates with the consequent rise in the interest rate curve on financial markets.

The available resources will also enable the Group to deal without difficulty, and certainly for the next 12 months, with any continuation or repetition of more adverse conditions arising from the health emergency. It should be noted that until the date of preparation of these financial statements, Group companies have not resorted to any moratoria or deferrals in the payment of their obligations.

Investment programs will continue to be carried out in accordance with customer requirements, whilst seeking the most flexible solutions for future reuse, given the uncertainties still present in the sector.

On the basis of the available product portfolio and in the absence of further serious external shocks, it is believed that the expectation of achieving positive results in the coming year can be confirmed.

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

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

Lombardore, May 14th, 2021

For the Board of Directors
The Managing Director

Massimo Venuti

General information on the company

Company data

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

Financial statements at 31/03/2021

Consolidated Balance Sheet

	March 31st, 2021	March 31st, 2020
Assets		
B) Fixed assets		
I - Intangible assets	-	-
1) start-up and expansion costs	5,697	-
2) development costs	2,970,191	401,506
3) industrial patent rights and intellectual property rights	1,638,090	121,196
4) concessions, licences, trademarks and similar rights	1,100,000	2,980,000
5) goodwill	1,167,147	843,887
6) assets under construction and advance payments	15,400	-
7) other	39,137	36,152
Total intangible assets	*6,935,662*	*4,382,741*
II - Tangible fixed assets	-	-
1) land and buildings	29,276,738	30,678,153
2) plant and machinery	65,185,413	58,327,591

	March 31st, 2021	March 31st, 2020
3) industrial and commercial equipment	1,184,649	1,630,668
4) other assets	491,672	488,083
5) assets under construction and advance payments	4,120,150	1,969,694
Total tangible fixed assets	*100,258,622*	*93,094,189*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	4,843	4,819
Total equity investments	*4,843*	*4,819*
2) receivables	-	-
d-bis) from others	813,188	15,755
due within one year	493,188	15,755
due beyond one year	320,000	-
Total receivables	*813,188*	*15,755*
Total financial fixed assets	*818,031*	*20,574*
Total fixed assets (B)	*108,012,315*	*97,497,504*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	8,263,903	7,928,790
2) work in process and semi-finished products	7,843,760	8,933,427
4) finished products and goods	8,857,340	9,576,840
5) advances	16,631	24,771
Total inventories	*24,981,634*	*26,463,828*
Non current assets held for sale and discontinued operations	1,275,000	-
II - Receivables	-	-
1) from customers	21,622,567	18,665,953
due within one year	21,622,567	18,665,953
5) from parent companies	40,522	-
due within one year	40,522	-
5) from fellow subsidiaries	763,412	300,756
due within one year	763,412	300,756
5-bis) tax receivables	5,007,364	5,408,422
due within one year	5,007,364	5,408,422
5-ter) deferred tax assets	9,233,647	5,405,020
5-quater) due from others	1,293,142	1,005,104
due within one year	1,237,997	954,954
due beyond one year	55,145	50,150
Total receivables	*37,960,654*	*30,785,255*
III - Current financial assets	-	-

	March 31st, 2021	March 31st, 2020
6) other securities	31,406,015	15,297,153
Total current financial assets	*31,406,015*	*15,297,153*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	51,052,724	53,829,794
3) cash on hand	6,329	7,511
Total cash and cash equivalents	*51,059,053*	*53,837,305*
Total current assets (C)	*146,682,356*	*126,383,541*
D) Prepaid expenses and accrued income	**794,937**	**404,372**
Total assets	*255,489,608*	*224,285,417*
Liabilities and equity		
A) Quotaholders' equity	**94,828,376**	**73,520,951**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
II – Revaluation reserve	12,458,518	-
IV - Legal reserve	903,520	718,650
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	2,681,395	2,681,395
Paid-in for loss coverage	2,882,602	2,882,602
Consolidation reserve	19,397	19,397
Total other reserves	*5,583,394*	*5,583,394*
VIII - Retained earnings (accumulated losses)	46,821,884	35,043,126
IX - Net income (loss) for the year	12,647,726	15,765,781
Total equity attributable to the Group	94,825,042	73,520,951
Equity pertaining to minorities	-	-
Minorities Capital and reserves	15,586	-
Minorities Net income (loss) for the year	(12,252)	-
Total Equity pertaining to minorities	*3,334*	-
Total consolidated quotaholder's equity	94,828,376	73,520,951
Total equity	94,828,376	73,520,951
B) Provision for risks and charges		
2) for current and deferred taxation	2,978,535	2,191,426
3) derivative financial instruments	87,891	92,096
4) Other	3,642,483	6,818,780
Total provisions for risks and charges	*6,708,909*	*9,102,302*
C) Employee termination indemnities	**2,949,445**	**2,403,969**
D) Payables		
4) due to banks	58,535,886	59,002,712
due within one year	22,045,122	21,546,837

	March 31st, 2021	March 31st, 2020
due beyond one year	36,490,764	37,455,875
5) Due to other lenders	3,426,705	3,686,101
due within one year	2,080,594	1,387,745
due beyond one year	1,346,111	2,298,356
6) advances	565,466	125,500
due within one year	565,466	125,500
7) trade payables	66,845,592	54,668,651
due within one year	66,845,592	54,668,651
11) payables due to parent companies	119,364	49,535
due within one year	119,364	49,535
11-bis) due to fellow subsidiaries	7,009,175	5,261,146
due within one year	7,009,175	5,261,146
12) taxation payable	952,639	631,640
due within one year	952,639	631,640
13) due to pension and social security institutions	2,771,303	2,441,271
due within one year	2,771,303	2,441,271
14) other payables	9,627,197	11,782,218
due within one year	9,617,279	11,725,968
due beyond one year	9,918	56,250
Total payables	*149,853,327*	*137,648,774*
E) Accrued expenses and deferred income	**1,149,551**	**1,609,421**
Total liabilities and quotaholders' equity	*255,489,608*	*224,285,417*

Consolidated Income Statement

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Value of production		
1) revenues from sales of goods and services	168,045,619	205,324,249
2) change in inventories of work in progress, semi-finished and finished products	(2,483,455)	18,769
4) increases in non-current assets from in-house production	1,541,197	141,015
5) other income and revenues	-	-
operating grants	1,535,075	1,205,282
other	3,471,793	4,893,369
Total other income and revenues	*5,006,868*	*6,098,651*
Total value of production	*172,110,229*	*211,582,684*
B) Cost of production		

	Year ended March 31st, 2021	Year ended March 31st, 2020
6) raw and ancillary materials, consumables and goods for resale	65,392,781	84,540,086
7) services	33,489,495	40,496,261
8) lease and rental charges	2,001,505	1,936,150
9) payroll	-	-
a) wages and salaries	29,100,457	30,779,200
b) social contributions	7,030,802	7,708,790
c) termination indemnities	1,293,850	1,159,619
e) other costs	637,766	575,777
Total payroll costs	*38,062,875*	*40,223,386*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	1,864,060	1,284,310
b) depreciation of tangible fixed assets	17,121,298	20,966,760
b) other fixed assets writedowns	245,905	-
d) writedowns of current receivables and liquid funds	10,464	-
Total depreciation, amortisation and writedowns	*19,241,727*	*22,251,070*
11) change in inventory of raw and ancillary materials, consumables and goods	696,428	(544,379)
13) other provisions	300,000	-
14) other operating expenses	1,429,812	2,063,489
Total cost of production	*160,614,623*	*190,966,063*
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**11,495,606**	**20,616,621**
C) Financial income and charges		
15) income from equity investments	-	-
other	-	77
Total income from equity investments	*-*	*77*
16) other financial income	-	-
a) receivables recorded under fixed assets	-	-
other	2,795	11,511
Total financial income from receivables recorded under fixed assets	*2,795*	*11,511*
d) income other than the above	-	-
other	442,441	147,765
Total income other than the above	*442,441*	*147,765*
Total other financial income	*445,236*	*159,276*
17) interest and other financial charges	-	-
to subsidiaries	-	1,693
to fellow subsidiaries	16,223	16,912
other	813,985	747,172
Total interest and other financial charges	*830,208*	*765,777*
17-bis) exchange gains and losses	(4,584)	88,364

	Year ended March 31st, 2021	Year ended March 31st, 2020
Total financial income and charges (15+16-17+-17-bis)	*(389,556)*	*(518,060)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	35,827	29,038
Total revaluations	*35,827*	*29,038*
19) writedowns	-	-
c) current financial assets excluding equity investments	562,115	27,922
d) of financial derivatives	31,623	14,367
Total writedowns	*593,738*	*42,289*
Total adjustments to financial assets and liabilities (18-19)	*(557,911)*	*(13,251)*
Result before taxes (A-B+-C+-D)	**10,548,139**	**20,085,310**
20) Income taxes for the year, current and deferred		
current taxation	393,106	4,400,135
prior year taxation	(12,947)	-
deferred taxation	(2,561,466)	(80,606)
income (expense) from participation in the tax consolidation regime	(93,972)	-
Total income taxes for the year, current and deferred	*(2,087,335)*	*4,319,529*
21) Net income (loss) for the year	**12,635,474**	**15,765,781**
Net income (loss) attributable to the Group	**12,647,726**	**-**
Net income (loss) attributable to Minorities	**(12,252)**	**15,765,781**

Consolidated statement of cash flow (indirect method)

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	12,635,474	15,765,781
Taxation	(2,087,335)	4,319,529
Interest expense/(interest income)	389,556	518,060
(Dividends)	-	(77)
(Gains)/losses from disposal of assets	(600,335)	(1,054)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*10,337,360*	*20,602,239*
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	1,593,850	1,159,619
Depreciation and amortisation of fixed assets	18,985,358	22,251,070
Impairment losses	245,905	
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	557,911	13,251

	Year ended March 31st, 2021	Year ended March 31st, 2020
Other adjustments up or (down) for non-cash items	(256,658)	
Total adjustments for non-cash items that had no counterpart in net working capital	*21,126,366*	*23,423,940*
2) Cash flow before changes in net working capital	*31,463,726*	*44,026,179*
Change in net working capital		
Decrease/(Increase) in inventory	3,235,892	(564,324)
Decrease/(Increase) in trade receivables	(2,411,843)	5,272,874
Increase/(Decrease) in trade payables	11,176,828	(11,134,902)
Decrease/(Increase) in prepaid expenses and accrued income	(305,581)	337,981
Increase/(Decrease) in accrued expenses and deferred income	(459,727)	(790,905)
Other decreases/(Other Increases) in net working capital	(5,335,147)	(1,278,971)
Total changes in net working capital	*5,900,421*	*(8,158,247)*
3) Cash flow after changes in net working capital	*37,364,147*	*35,867,932*
Other adjustments		
Interest collected/(paid)	(206,233)	(447,212)
(Income taxes paid)	(890,643)	(6,888,103)
Cashed-in dividends	-	-
(Use of provisions)	(6,007,507)	(2,117,722)
Total other adjustments	(7,104,383)	(9,453,037)
Cash flow from operating activities (A)	***30,259,765***	***26,414,895***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(14,245,602)	(20,753,177)
Disposals	1,406,102	1,277,117
Intangible assets		
(Investments)	(2,946,015)	(3,053,885)
Financial fixed assets		
(Investments)		
Disposals	402,567	3,578
Current financial assets		
(Investments)	(16,108,862)	(15,297,153)
(Acquisition of subsidiaries net of cash and cash equivalents)	(478,462)	-
Cash flow from investing activities (B)	***(31,970,271)***	***(37,823,520)***
C) Cash flows from financing activities		
Third-party funds		
Increase/(Decrease) in current bank loans	(92,570)	817,295
New loans	24,310,794	20,950,000
(Repayment of loans)	(25,320,969)	(20,944,032)
Paid-In capital increase	35,000	-

	Year ended March 31st, 2021	Year ended March 31st, 2020
Cash flow from financing activities (C)	***(1,067,745)***	***823,263***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(2,778,252)***	***(10,585,362)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	53,829,794	64,416,765
Cash on hand	7,511	5,902
Total cash and cash equivalents at the beginning of the year	**53,837,305**	**64,422,667**
Cash and cash equivalents at the end of the year		
Bank and postal deposits	51,052,724	53,829,794
Cash on hand	6,329	7,511
Total cash and cash equivalents at the end of the year	**51,059,053**	**53,837,305**
Acquisition or sale of subsidiaries		
Total amounts paid or received	(1,010,870)	
Significant portion of amounts in cash and cash equivalents	(1,010,870)	
Cash and cash equivalents acquired or disbursed with subsidiaries acquisition/disposal transactions	532,408	
Carrying value of assets/liabilities acquired or sold	343,077	

Information on the statement of cash flows

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

The item "Acquisition of subsidiaries, net of cash and cash equivalents" in the section on cash flows deriving from financing activities for the year 2020/2021 includes the cash outlay (Euro 1,011 thousand) for the acquisition of respectively 100% and 99% stake of of Endurance Adler S.p.A. and Grimeca S.r.l., net of the cash and cash equivalents (Euro 532 thousand) acquired as part of the same transaction.

ENDURANCE OVERSEAS SRL

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

Explanatory notes

Consolidated financial statements for the year ended 31/03/2021

Introduction to the explanatory notes

To the Quotaholder,

These explanatory notes form an integral part of the consolidated financial statements for the year ended 31/03/2021.

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

The consolidated financial statements for the year ended March 31st 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board), including those introduced in December 2016, supplemented by amendments published on 29 December 2017, and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

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

During the year the pandemic emergency, caused by the spread of the Covid-19 virus, continued to affect economic trends worldwide and also forced the Group to limit and at certain times suspend its activities, especially during the first quarter of the year, due to the restrictions adopted by the authorities, as well as suffering the effects caused by these on new vehicle registrations and therefore on demand for the goods and services produced.

Recent and forthcoming government measures, together with the gradual development of the vaccination plan, bode well for a recovery, which, however, is not expected to be immediate. Whilst the general situation remains uncertain, it is believed that the Group's current liquidity means that there are no indicators that could undermine the ability of Group companies to continue operating over the next 12 months.

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

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

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

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

Information on the composition of the Group

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

Investee - Name	Held by - Name	Role	Nature of Parent Company control	% of direct control / % of voting rights	% consolidated
ENDURANCE OVERSEAS SRL	-	Parent Company	-	-	-
ENDURANCE SPA	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	100.00	100.00
ENDURANCE ENGINEERING SRL	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	100.00	100.00
ENDURANCE CASTINGS SPA	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	100.00	100.00
ENDURANCE ADLER SPA	ENDURANCE OVERSEAS SRL	Subsidiary	Direct	99.00	99.00

As compared to the previous year, the consolidation area changed due to the entry into the scope of consolidation of Endurance Adler S.p.A. (formerly Adler S.p.A.), following the acquisition of the equity investment representing 99% of the share capital of the newly consolidated company, which took place on April 15th, 2020. Moreover, through the same Endurance Adler S.p.A. - on May 22nd, 2020 - the Group completed the purchase of the equity investment representing 100% of the share capital of the company Grimeca S.r.l.

Finally, during the year, the merger by incorporation of Adler RE S.r.l. (already 100% owned by Endurance Adler before the acquisition by the Endurance Group) and Grimeca S.r.l. into Endurance Adler S.p.A. was finalised, becoming effective on January 1st, 2021 with backdating of the accounting and tax effects to the beginning of the fiscal year (April 1st, 2020).

Therefore, with regard to the area of the consolidated financial statements, the change relates to Endurance Adler S.p.A., as a result of the merger described above: the transactions of Endurance Adler S.p.A. are included in area of the consolidated financial statements for the period from April 1st, 2020 to March 31st, 2021, except for some transactions that took place in the period between April 1st, 2020 and April 15th, 2020, pertaining to the previous shareholder, as well as the transactions pertaining to Grimeca S.r.l. until its acquisition date (May 22nd, 2020).

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

Investee - Name	Head office	Capital
Businesses consolidated on a line-by-line basis:		
ENDURANCE SPA	VIA REGIONE POZZO 26 CHIVASSO (TURIN)	5,000,000
ENDURANCE ENGINEERING SRL	STRADA DEL CASCINOTTO 135/A TURIN	100,000
ENDURANCE CASTINGS SPA	CONCA D'ORO 14 - 14/A BIONE (BRESCIA)	900,000
ENDURANCE ADLER SPA	VIA DI VITTORIO 20/22 -- ROVERETO (TN)	120,000

Basis of preparation and consolidation

Basis of preparation of the consolidated financial statements

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

The consolidated financial statements for the year ended March 31st, 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

In preparing the consolidated financial statements, we made use of the Group companies' financial statements for the year ended March 31st, 2021, as prepared by the Boards of Directors and that will be approved by their respective annual general meetings. The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account of consolidated companies, from which they have been directly prepared.

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

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

Basis of consolidation

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

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

With reference to the consolidation of Endurance Adler S.p.A., it should be noted that the comparison between the book value of the equity investment owned and the corresponding shareholders' equity valued at current values on the date of first consolidation showed a positive difference of Euro 668 thousand, allocated to the assets in the consolidated balance sheet, as Goodwill, and amortized on a straight-line basis over 5 financial years.

Accounting policies

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

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

Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

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

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

Finance leases are accounted with the financial method, in accordance with IAS 17.

Impairment (tangible and intangible fixed assets)

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

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

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

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

Financial fixed assets

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

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

Inventories

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

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

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

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

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

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

Receivables

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

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

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

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

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

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

Equity investments and securities not held as fixed assets

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

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

Cash and cash equivalents

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

Accruals and deferrals

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

Provisions for risks and charges

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

Employee termination indemnities

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

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

Payables

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

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

Derivative financial instruments

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

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

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

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

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

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

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

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

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

Revenues

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

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

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

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

Costs

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

Dividends

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

Financial income and charges

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

Income taxes

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

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

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

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

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

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

Translation of foreign currency items

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

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

Consolidated explanatory notes – Consolidated assets

The following tables detail significant changes in the assets reported in the balance sheet.

Intangible assets

After having charged amortisation for the year of Euro 1,864 thousand, the balance of intangible assets is Euro 6,936 thousand.

The following table analyses intangible assets and the changes during 2020/2021:

CONSOLIDATED	Start-up and expansion costs	Development costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Assets in process of formation and advance payments	Total intangible assets
Balance at the beginning of the year								
Cost	71,235	2,676,708	1,155,958	3,000,000	24,029,093	3,430,112	-	34,363,106
Accumulated amortisation	71,235	2,275,202	1,034,762	20,000	22,573,850	3,393,960	-	29,369,009
Write-downs	-	-	-	-	611,356	-	-	611,356
Carrying amount	**-**	**401,506**	**121,196**	**2,980,000**	**843,887**	**36,152**	**-**	**4,382,741**
Changes during the year								
Additions	-	1,691,197	34,877	1,200,000	-	9,571	10,370	2,946,015
Amortisation for the year	2,013	880,020	487,187	100,000	344,531	50,310	-	1,864,061
Other changes	7,710	1,757,508	1,969,204	(2,980,000)	667,791	43,724	5,030	1,470,967
Total changes	*5,697*	*2,568,685*	*1,516,894*	*(1,880,000)*	*323,260*	*2,985*	*15,400*	*2,552,921*
Carrying amount at the end of the year								
Cost	81,296	6,133,919	4,163,602	1,200,000	24,696,884	3,544,064	15,400	39,835,165

Accumulated amortisation	75,599	3,163,728	2,525,512	100,000	22,918,381	3,504,927	-	32,288,147
Write-downs	-	-	-	-	611,356	-	-	611,356
Carrying amount	**5,697**	**2,970,191**	**1,638,090**	**1,100,000**	**1,167,147**	**39,137**	**15,400**	**6,935,662**

“Other changes” mainly refer to the change in the consolidation area following the consolidation of the newly acquired Endurance Adler S.p.A., with accounting effect from April 1st, 2020. In particular, these effects refer to both the value of the assets acquired at the date of first-time consolidation and the impact of the allocation to assets and liabilities of the differential emerging between the carrying amounts and the purchase price, as indicated below (amounts expressed in thousands of euros):

	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Assets in process of formation and advance payments	Total intangible assets
Area variation	8	2	1,312	-	228	47	5	1,602
Purchase price allocation	-	1,755	657	(2,980)	439	(15)	-	(144)
Other minor changes	-	-	-	-	-	13	-	13
Other changes	**8**	**1,758**	**1,969**	**(2,980)**	**668**	**44**	**5**	**1,471**

The item "Development costs" includes the capitalisation of the costs incurred during the year in relation to the activities carried out by the Group for the development of new products and improved and innovative process implementations, carried out in the context of the activities of the technical and industrialisation departments, also as part of the research and development projects in which the Group companies participate. Under the item "Other changes" is included the effect of allocation of the value recognized to the know-how related to the development of solutions for two-wheel components acquired through the consolidation of Endurance Adler S.p.A.

The item "Industrial patents rights and intellectual property rights", which until the previous year included the value of software used by Group companies, recorded an increase mainly related to the change in the consolidation area, due to the effect of the acquisition of the patents owned by Endurance Adler S.p.A. (referring both to Endurance Adler S.p.A.'s own activities and to the activities acquired through the investment in Grimeca S.r.l., including the allocation of the their increased fair value).

In the previous year, the item "Concessions, licenses, trademarks and similar rights" included the value of the exclusive, unlimited, worldwide license for the use of know-how and intellectual property related to the production and marketing of components for transmissions for application on two-wheel vehicles that Endurance Overseas S.r.l. had acquired from Adler S.p.A. Following the acquisition of this company and its inclusion in the consolidation area, the value of the existing license was "replaced" by the value of the intangible assets acquired (patents and know-how).

The incremental value with respect to the book value recognized in the context of the acquisitions was therefore based on the valuation underlying the transactions carried out in the previous year to recognize the exploitation of the exclusive license, which represented, with reference to the intangible assets acquired, the fair value.

Goodwill at March 31st, 2021 includes:

- the difference (Euro 832 thousand) arising on first-time consolidation of the equity investment in Haminoea S.r.l. (in turn the parent company of Endurance S.p.A.), subsequently absorbed by the Parent Company Endurance Overseas S.r.l. On consolidation, the merger deficit recorded in the financial statements of the Parent Company was eliminated as part of the process of determining the net carrying amount of the consolidation difference, pertaining to the actual Endurance S.p.A.
- the value (Euro 534 thousand, net of amortization) of the consolidation difference that emerged during the year due to the first consolidation of Endurance Adler S.p.A.

The recoverability of the goodwill, which is amortised on the basis indicated above, is checked annually using the Discounted Cash Flows ("DCF") method. Group management has prepared economic-financial five-year forecasts for the individual companies, which indicate positive results over that period. Accordingly, the resulting assessment confirmed that that fair value of the Group's assets exceeds their corresponding carrying amounts.

Other intangible assets mainly include leasehold improvements (to rented buildings, in particular).

With specific reference to the assessment of impairment indicators resulting from the health emergency, also in response to the Group's request, the Directors carried out a careful analysis of projected cash flows and, based on currently available information, concluded that the value of fixed assets as of March 31st, 2021 is recoverable through future cash flows and, consequently, it was not necessary to carry out any write-downs pursuant to art. 2426, paragraph 1, no. 3 of the Italian Civil Code.

Tangible fixed assets

Tangible fixed assets, net of accumulated depreciation of Euro 17,121 thousand, total Euro 100,259 thousand compared with Euro 93,094 thousand in the prior year.

Land and buildings include the value of land and buildings relating to the Group's production sites, located in Lombardore, Chivasso and Grugliasco, including the structures used by Group companies under current finance lease contracts (for a net amount of Euro 2.6 million at March 31st, 2021).

Plant and machinery and commercial and industrial equipment include all of the assets used by Group companies in the production of components made of non-ferrous metals (mainly aluminium) and plastic: these are infrastructures used in pressure die casting (melting furnaces, die casting islands), as well as robotised lines and islands used for machining both metal and plastic parts. This item also includes plant and machinery used under finance lease contracts entered into by Group companies (for a total of Euro 1.8 million at March 31st, 2021).

The item "Assets under construction and advances" includes the value of advances paid to suppliers for the purchase, in particular, of plant and machinery and the value of assets purchased but awaiting approval for use in production. The amount posted during the year relates to advances paid to leading suppliers of production systems and the fitting out of die-casting machines and machining processing lines in relation to the expected further expansion of production capacity (in particular, the installation of 2 presses of 1,000 tons at the Bione (BS) plant, the implementation of production upgrades for automated mechanical processing lines for the customer VW and the installation of a new automated mechanical processing line dedicated to the customer FCA) to support the development of the industrial plans of the company and the Endurance Group.

The following table analyses tangible fixed assets and the changes during the year:

CONSOLIDATED	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	47,254,042	164,463,360	18,885,197	3,453,005	1,969,694	236,025,298
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	16,575,889	106,034,434	17,254,529	2,972,050	-	142,836,902
Write-downs	-	539,747	-	72	-	539,819
Carrying amount	**30,678,153**	**58,327,591**	**1,630,668**	**488,083**	**1,969,694**	**93,094,189**
Changes during the year						
Additions	348,031	10,270,231	529,970	105,213	3,484,109	14,737,554
Depreciation for the year	2,546,240	13,376,168	978,166	220,724	-	17,121,298
Reclassifications (of the carrying amount)	(1,256,024)	1,175,077	47,870	-	(1,206,653)	(1,239,730)
Disposals (carrying amount)	35,518	970,746	219,512	100	127,000	1,352,876
Other changes	2,334,241	9,759,428	173,819	119,200	-	12,386,688
Write-downs	245,905	-	-	-	-	245,905
Total changes	*(1,155,510)*	*6,857,822*	*(446,019)*	*3,589*	*2,150,456*	*7,164,433*
Carrying amount at the end of the year						
Cost	49,111,434	185,532,979	28,186,208	4,554,818	4,120,150	271,505,589
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	19,638,004	118,951,037	26,915,339	4,070,274	-	169,574,654
Write-downs	196,692	1,834,941	86,220	72	-	2,117,925

Carrying amount	**29,276,738**	**65,185,413**	**1,184,649**	**491,672**	**4,120,150**	**100,258,622**

The main additions of the period refer to:

- Land and buildings: increases (Euro 0.3 million) primarily refer to improvements made by Group companies to their properties, partly in view of the relocation of the activities of the Grugliasco foundry to the Chivasso site, completed during the second half of the year, and the consequent transfer of the activities of subsidiary Endurance Engineering S.r.l., previously located in leased properties, to the Grugliasco site (completed during April and May 2021);
- Plant and machinery (for a total of Euro11.5 million, including reclassifications of advances and assets under construction at the end of the previous year) regarded the installation and modernization of die-casting plants and mechanical processing islands (machinery, automation and control devices) mainly for the following purposes:
    - In the field of machining process, the installation of a high-tech machining line dedicated to parts for the customer Teksid, as well as the completion of the installation of the evolutionary variants of the Zylinderkophaube project for the customer Volkswagen, in addition to other investments for the updating/increase of the production capacity, also in relation to the lines of development of automation and interconnection of production systems in view of Industry 4.0 (in continuity with what was carried out in previous years), for approximately Euro 7.3 million,
    - With reference to the die-casting activities, investments of approximately Euro 1.6 million were made in order to update the production equipment of the Chivasso foundry - including the refurbishment of the plants being transferred from the Grugliasco site - and the purchase (through finance leases) of 2 new 1,000-ton die-casting machines, at the Bione foundry (for approximately Euro 1.8 million).
- With regard to industrial and commercial equipment, the increases recorded (approximately Euro 0.5 million) refer to the purchase of equipment for the projects described above, as well as for other production lines, and the replacement and extension of equipment for the mechanical processing islands of existing products.

Assets under construction and advance payments as of March 31st, 2021 refer to advances paid and costs for investments in progress, mainly referred to the most recently acquired projects referred to customers AUDI (for € 1.7 million), Volkswagen (€ 1.1 million), as well as additional costs for the preparation of production facilities related to the relocation of plastic molding plant in the new site of Grugliasco.

The item relating to reclassifications mainly includes the net value of the fixed assets included in a preliminary agreement for the sale signed by the Company in 2021, which were recorded under "Non-current assets held for sale" as part of current assets (for Euro 1,275 thousand).

Other changes during the year refer to:

- the change in the consolidation area following the consolidation of the newly acquired Endurance Adler S.p.A., with accounting effects from April 1st, 2021. In particular, these effects refers to both the value of the assets acquired as at the date of first consolidation and the impact of the allocation to assets and liabilities of the difference emerging between the book values and the purchase price, as indicated below (values expressed in thousands of euros)
- the effects resulting from the re-valuation transaction carried out - pursuant to Law 126/2020 - with regard to some assets owned by the subsidiary Endurance S.p.A., as detailed below.

Details of the effects described are provided below (amounts expressed in thousands of euros):

CONSOLIDATED	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Area variation	2,960	855	174	119	-	4,109
Purchase price allocation	(626)	-	-	-	-	(626)
Asset re-valuation	-	8,904	-	-	-	8,904
Other changes	**2,334**	**9,759**	**174**	**119**	**-**	**12,387**

In particular, we point out that the variation connected to the purchase price allocation of Endurance Adler S.p.A. concerned the book value of the industrial site in Rovereto (Trento), acquired through the subsidiary Adler RE S.r.l.

(merged by incorporation into Endurance Adler S.p.A.): the value was adjusted, reducing its book value at date of acquisition, on the basis of independent expert appraisals commissioned by the Endurance Group following the acquisition.

The revaluation operation pursuant to Law 126/2020 was carried out – after the computation of the financial year 2020/2021 depreciation - by applying, to the assets involved, the different methods allowed by the regulation (proportional revaluation of the historical cost and accumulated depreciation, of the historical cost only or reduction of the accumulated depreciation), applied considering the limit of the current value, as well as - with reference to the first two methods indicated - the limits of the replacement cost.

The operation has consequently determined the recording of a n increase in the category plant and machinery for a total of Euro 8,904 thousand (as increase in the historical cost for Euro 3,919 thousand and reduction in the accumulated depreciation for Euro 4,985 thousand), recorded on the basis of the valuation carried out by independent experts, the effects of which have also been acknowledged for tax purposes, through the application of withholding tax (Euro 267 thousand, recorded under other liabilities), with a consequent incremental effect on shareholders' equity of Euro 8,637 thousand.

The item "Write-downs" includes, for Euro 246 thousand, the amount relating to the adjustment – up to the transfer value - of the book value of the portion of the real estate site in Rovereto, for which a preliminary transfer agreement was signed in March 2021 (which will be finalized in the first part of the year 2021/2022). At the same time, as previously mentioned, the portion of fixed assets included in the scope of the sale agreement, adjusted to a value of Euro 1,275 thousand, has been reclassified under current assets ("Non-current assets held for sale"), as per OIC 16 provision.

It should be noted that - with the exception of mentioned adjustment impacting asset included as non-current assets held for sale - no further write-downs were deemed necessary pursuant to Article 2426, paragraph 1, no. 3 of the Italian Civil Code. With specific reference to the assessment of the impairment indicators resulting from the pandemic emergency, also in response to the requirements of the Group, the Directors carried out a careful analysis of the prospective cash flows and, based on the information currently available, concluded that the value of fixed assets as of March 31st, 2021 is recoverable through future cash flows.

In addition, based on the evidence of acceleration of the phase-out process of certain products emerging from the most recent evidences coming from the customers, as well as on the revision of the degree of use of specific plants, the Group has revised the useful life of certain assets (in particular plant and machinery specifically dedicated to the production of the mentioned products), reducing their residual life in a manner consistent with the estimates coming from the most updated information available, with a related impact on depreciation for the period. Moreover, this analysis also concerned the adjustment of the depreciation of certain assets - involved in the refurbishment of the Turin, Grugliasco and Chivasso production sites - whose residual useful life was revised in relation to the re-utilization of the production facilities for the new activities planned.

Revaluations of tangible fixed assets

Pursuant to Art. 10 of Law No. 72 of 19 March 1983 and subsequent laws on revaluations of assets, it should be noted that certain assets (owned by Endurance S.p.A.) still included in the balance sheet have been revalued, the effect of which is shown below:

Law	Category	Amount
Law No. 342/2000	Industrial and commercial equipment	106,463
Law No. 266/2005	Specific machineries and furnaces	438,412
Law No. 266/2005	Transport vehicles	7,200
Law No. 126/2020	Specific machineries	8,904,073

These revaluations have been made by increasing specific equity reserves, which cannot be distributed until such reserves have been reintegrated or reduced accordingly by resolution of an Extraordinary General Meeting (art. 6 of Law 72/83 and subsequent revaluation laws).

Financial fixed assets

This item is summarised in the following table:

Details	Amount at 31/03/2020	Additions / Increases	Consolidation area variation	Writedowns / Decreases	Amount at 31/03/2021
Equity investments in other companies	4,819	-	24	-	4,843
Receivables from others	15,755	-	800,000	(2,567)	813,188
Derivative financial instruments	-	-	-	-	-
Total	**20,574**	**-**	**800,024**	**(2,567)**	**818,031**

The equity investments recorded in the financial statements refer to:

- shares held in Banca di credito Valsabbia (Euro 2,442), Brescia Export (Euro 1,300), Eurofidi in Banca Intesa (Euro 250), Confartigianato Fidi Piemonte e Nord Ovest S.C.p.A. (Euro 155) and in Unionfidi Piemonte S.C. (Euro 129);
- shares in the Conai consortium (Euro 44), in AQM S.r.l. (Euro 516) and the residual in other equity investments.

The Group holds also an equity investment in the CONSAF training consortium in the amount of Euro 258, which has been fully written down as of the balance sheet date.

Long-term financial receivables as at March 31st, 2021 include (for Euro 800 thousand) receivables towards Amfin Holding S.p.A., the previous shareholder of Endurance Adler S.p.A., which provide for a repayment plan expiring in November 2022 and, for Euro 13 thousand, guarantee deposits paid to suppliers for various reasons.

Inventories

Set out below are details of inventory at 31/03/2021, together with prior year end comparatives:

Description	31/03/2021	31/03/2020	Change	Change %
Raw materials, ancillary materials and consumables	8,263,903	7,928,790	335,113	4%
Work in process and semi-finished products	7,843,760	8,933,427	(1,089,667)	-12%
Finished products and goods	8,857,340	9,576,840	(719,500)	-8%
Advances	16,631	24,771	(8,140)	-33%
Total	**24,981,634**	**26,463,828**	**(1,482,194)**	**-6%**

Inventories are recorded in the financial statements as at March 31st, 2021, net of an allowance for inventory write-downs, totalling Euro 3,328 thousand, adjusted during the year through a net increase for a total of Euro 776 thousand, allocated to take into account obsolete or slow-moving inventories mainly attributable to phase-out products based on the production trends of models affected by the updates of emission regulations.

With reference to the change in the consolidation area, Endurance Adler S.p.A.'s contribution amounted to approximately Euro 1.7 million.

During the year, a decrease in the value of inventories was recorded, related to the policies of working capital management as part of the optimization of production processes, the procurement policies implemented by the companies of the Group, as well as the effects determined - at the end of the previous year - by the production stoppages (impacting also customers plants) in connection with the spread of the Covid-19 pandemic, which had led to an increase in inventories at March 31, 2020.

It should be noted that there were no inventories for which there was a reduction in market value below book value or due to cancellation of sales orders due to Covid-19 pandemic.

Non-current assets held for sale

As at March 31st, 2021 the caption amounts to Euro 1,275 thousand and includes, in application of accounting principle OIC 16, the net book value of Non-current assets held for sale. Specifically, the item refers to the net value (involving the categories of Land and Buildings and Plant and Machinery) of the portion of the production site located in Rovereto, for which a preliminary agreement for the sale has been formalised as at the balance sheet date.

Receivables

Set out below are details of receivables at 31/03/2021, with comparative prior year end amounts:

Description	31/03/2021 within 1 year	31/03/2021 beyond 1 year	31/03/2021 Total	31/03/2020	Change	Change %
Trade receivables	21,622,567	-	21,622,567	18,665,953	2,956,614	16%
Receivables due from parent companies	40,522	-	40,522	-	40,522	-
Receivables due from fellow subsidiaries	763,412	-	763,412	300,756	462,656	154%
Tax receivables	5,007,364	-	5,007,364	5,408,422	(401,058)	-7%
Deferred tax assets	9,233,647	-	9,233,647	5,405,020	3,828,627	71%
Other receivables	1,237,997	55,145	1,293,142	1,005,103	288,039	29%
Total	**37,905,509**	**55,145**	**37,960,654**	**30,785,254**	**7,175,400**	**23%**

The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of Euro 707 thousand, which is reduced of Euro 2 thousand as compared to prior year. With specific reference to the current health emergency context, it should be noted that no particular critical issues have emerged in the receipts from clients.

The increase in the value of receivables from customers (Euro 21,622 thousand as at March 31st, 2021, compared to Euro 18,666 as at March 31st, 2020) is mainly related to the trend in the volume of business recorded during the financial year (in particular in the last part of it), as compared to the corresponding period of the previous financial year (more significantly impacted by the effects linked to the pandemic), as well as the effect of the change in the consolidation area regarding Endurance Adler S.p.A. (approximately Euro 1.1 million).

Receivables from parent companies (Euro 41 thousand as at March 31st, 2021) refer to commercial transactions with the Indian parent company Endurance Technologies Limited.

The amounts due from fellow subsidiaries (Euro 763 thousand at March 31st, 2021, recording an increase during the year) are related to commercial transactions, deriving mostly from the provision of administrative, financial and support services by Endurance Overseas S.r.l. to Endurance Amman GmbH (owned by Endurance Technologies Limited, or "ETL", the parent of the Group) on the basis of specific service agreements governed on arm's-length terms.

Tax receivables (Euro 5,007 thousand at March 31st, 2021, down by Euro 401 thousand as compared to March 31st, 2020) mainly comprise IRES and IRAP tax credits representing the excess of advances over the related payables by Euro 2,863 thousand and Euro 238 thousand respectively, VAT receivables totalling Euro 2,210 thousand and the residual value of tax credits linked to R&D activities and investments in tangible fixed assets (for a total of Euro 589 thousand).

Deferred tax assets (Euro 9,233 thousand as of March 31st, 2021, up Euro 3,829 thousand on the previous year) refer to deductible temporary differences relating, in particular, to the statutory and tax value of tangible fixed assets (due to different depreciation rates applied) and provisions with deferred deductibility, as well as deferred tax assets posted during the year on the tax losses incurred by Group companies in relation to the combined effect of the reduction in volumes determined by the effects of the pandemic and the tax benefits obtained, in particular with reference to the extra deductions linked to the regulations governing investments in tangible and intangible assets (so-called "super-depreciation" and "hyper-depreciation"). Such deferred tax assets have been recorded in the financial statements considering their probable future recovery, taking into account future taxable income determined on the basis of results consistent with management's most up-to-date estimates. The increase in the year under review is due to provisions made during the year, to the different time period taken into account with reference to the depreciation of capital goods compared with those recognized for tax purposes, and to the effects of the reversal of unrealized intercompany profits.

Current financial assets

Set out below are details of the item at March 31st, 2021, together with comparative prior year end amounts:

Description	31/03/2021	31/03/2020	Change	Change %
Other securities	31,406,015	15,297,153	16,108,862	105%
Total	**31,406,015**	**15,297,153**	**16,108,862**	**105%**

The item Other securities (Euro 31,406 thousand as at March 31st, 2021, up by Euro 16,109 thousand compared to the previous year) includes the amounts destined by the Group for non-durable investments, carried out as part of the policy of available liquidity utilization. These include in particular:

- insurance policies and investment fund units primarily including investments in insurance products (totalling Euro 12,000 thousand)
- European and US bonds (amounting to 8,659 thousand euros); and
- units of funds with investments in collateralized promissory notes and units in alternative multi-compartment investment funds aimed at asset management (for a total of 10,747 thousand euros).

These instruments, mainly purchased during the year, recorded a write-down amounting to Euro 562 thousand, connected to the adjustment to their current value. On the other hand, potential capital gains were not recorded, in compliance with the provisions of the applicable accounting standards. It should be noted that the write-down already recorded in the balance sheet would only be realized in the event of the actual sale of the securities (at their market values as at March 31st, 2021), while, maintaining the investment until maturity, taking into account the coupon flow and the repayment at par of the capital at term, would guarantee the recovery of the entire capital invested plus a positive return. It should also be pointed out that, for the portion relating to securities denominated in USD, the investment is subject to exchange rate risk, for which was not deemed necessary to activate specific hedging instruments.

Cash and cash equivalents

Set out below are details of the item at March 31st, 2021 together with comparative prior year end amounts:

Description	31/03/2021	31/03/2020	Change	Change %
Bank and postal deposits	51,052,724	53,829,794	(2,777,070)	(5%)
Cash on hand	6,329	7,511	(1,182)	(16%)
Total	**51,059,053**	**53,837,305**	**(2,778,252)**	**(5%)**

This item principally comprises the balance on bank current accounts at March 31st, 2021.

The decrease in this item should be read in conjunction with the change in the item "Current financial assets ", which includes the Company's available cash utilisations. The overall increase (Euro 13,331 thousand), despite the significant investments in tangible and intangible fixed assets made during the year (Euro 17,564 thousand), witnessed a treasury management aimed at maintaining a significant level of liquidity, with the aim of guaranteeing the Company the availability of useful resources to support its growth strategies and, in relation to the expected economic downturn due to the pandemic, to ensure the sources of liquidity necessary to manage any slowdown in economic recovery.

It should be noted that the provisioning of resources was carried out, in the context of the financial management policies of the Endurance Overseas S.r.l. group, thanks to the favourable conditions of the Group's funding in the financial markets - still characterized by high uncertainties on the future evolution of rates and on the continuation of expansive monetary policies. The Group made use of the financial support instruments put in place at government level to counter the recessionary effects of the Covid-19 pandemic exclusively in relation to the issuance of MCC guarantees linked to the stipulation of Euro 5 million loan agreement, carried out during the year.

Finally, with reference to the effects on the Group's cash and cash equivalents, the change in the consolidation area, due to the entry of Endurance Adler S.p.A., led to the increase of cash and cash equivalents amounting to Euro 532 thousand.

See the statement of consolidated cash flows for more complete details of the operating and financial cash flows that have funded the Group's investment activities.

Prepaid expenses and accrued income

Prepaid expenses and accrued income total Euro 794 thousand at March 31st, 2021 (compared with previous year Euro 404 thousand) and mainly relate to prepaid insurance, INAIL premiums, maintenance charges and other costs pertaining to subsequent years. The effect of consolidation area variation amounts to Euro 88 thousand.

Capitalised financial charges

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

Explanatory notes – Consolidated liabilities and equity

The most significant changes in liabilities and equity are analysed in the following schedules.

Equity

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

The following tables covering the past two years present the changes in equity and details of the other reserves reported in the balance sheet.

The changes in equity during the prior year are analysed below:

Description	Balance at 01/04/2019	Allocation of the prior year result	Other changes	Result for the year	Balance at 31/03/2020
Quota capital	16,105,263	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	304,737
Legal reserve	485,638	233,012	-	-	718,650
Extraordinary reserve	2,681,395	-	-	-	2,681,395
Paid-in to cover losses	2,882,602	-	-	-	2,882,602
Consolidation reserve	19,397	-	-	-	19,397
Other reserves	-	-	-	-	-
Retained earnings (accumulated losses)	23,832,749	11,210,377	-	-	35,043,126
Net income (loss) for the year	11,443,389	(11,443,389)	-	15,765,781	15,765,781
Total equity attributable to the Group	**57,755,170**	**-**	**-**	**15,765,781**	**73,520,951**
Equity attributable to minority interest	-	-	-	-	-
Total equity	**57,755,170**	**-**	**-**	**15,765,781**	**73,520,951**

The changes in equity during the year ended March 31st, 2021 are analysed in the following table:

Description	Balance at 01/04/2020	Allocation of the prior year result	Other changes – Area variation	Other changes – Re-valuation	Result for the year	Balance at 31/03/2021
Quota capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Revaluation reserve	3,821,567	-	-	8,636,951	-	12,458,518
Legal reserve	718,650	184,870	-	-	-	903,520
Extraordinary reserve	2,681,395	-	-	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	-	-	2,882,602
Consolidation reserve	19,397	-	-	-	-	19,397
Other reserves	-	-	-	-	-	-
Retained earnings (accumulated losses)	31,221,559	15,580,911	19,414	-	-	46,821,884
Net income (loss) for the year	15,765,781	(15,765,781)	-	-	12,647,726	12,647,726
Total equity attributable to the Group	**73,520,951**	**-**	**19,414**	**8,636,951**	**12,647,726**	**94,825,042**
Wquity attributable to minority interest	-	-	15,586	-	(12,252)	3,334
Total equity	**73,520,951**	**-**	**35,000**	**8,636,951**	**12,635,474**	**94,828,376**

With reference to the other changes in quotaholders' equity, we point out the effect (positive for Euro 19 thousand for the Group's share) relating to the change in the consolidation area, pertaining to the allocation of the first consolidation shareholders' equity value (negative) to the minorities, which was followed by the share capital increase in Endurance Adler S.p.A, subscribed for Euro 35 thousand by the minorities, as well as the increase in the revaluation reserve for Euro 8,637 thousand, due to the revaluation carried out by the Group, pursuant to Law 126/2020, as indicated in greater detail in the section regarding tangible fixed assets.

The following table gives a reconciliation between parent company's equity and result and the Group's equity and result:

Description	Equity - current year	Result - current year	Equity - prior year	Result - prior year
Equity and results reported in the financial statements of the Parent Company	**46,137,832**	**9,474,770**	**36,663,062**	**3,697,397**
Contribution from consolidated companies	94,395,458	10,338,953	79,476,475	16,511,270
Elimination of carrying value of equity investments	(47,812,426)	-	(44,236,558)	-
Consolidation adjustments:				
Recognition of difference on consolidation	1,099,362	(340,759)	772,329	(207,201)
Distribution of dividends	-	(7,000,000)	-	(4,000,000)
Effect of accounting for leases under IAS 17	559,704	146,041	413,661	(38,756)
Elimination of intercompany profits	(444,344)	(53,485)	(390,859)	(337,530)
Accounting for intercompany leasehold improvements	892,792	69,953	822,841	140,601
TOTAL	*48,690,544*	*3,160,703*	*36,857,889*	*12,068,384*
Equity and net income (loss) attributable to the Group	**94,828,376**	**12,635,473**	**73,520,951**	**15,765,781**
Equity and net income (loss) attributable to minority interest	**3,334**	**(12,252)**	**-**	**-**
Equity and result as reported in the consolidated financial statements	**94,825,042**	**12,647,726**	**73,520,951**	**15,765,781**

Provisions for risks and charges

The changes during the year are analysed in the following table:

Description	31/03/2019	Consolidation area variation	Increases	Decreases	31/03/2020	Change	Change %
Provision for pensions and similar commitments	-	-	-	-	-	-	-
Provision for current and deferred taxation	2,191,426	487,957	612,759	(313,607)	2,978,535	787,109	36%
Derivative financial instruments	92,096	-	31,623	(35,828)	87,891	(4,205)	-5%
Other provisions for risks and charges	6,818,780	666,300	300,000	(4,142,597)	3,642,483	(3,176,297)	-47%
Total	**9,102,302**	**1,154,257**	**944,382**	**(4,492,032)**	**6,708,909**	**(2,393,393)**	**-26%**

The Provisions for risks and charges at March 31st, 2021 comprise:

- Deferred tax liabilities (Euro 2,979 thousand at March 31st, 2021, up by Euro 787 thousand compared with the previous year, including the area variation effect amounting to Euro 488 thousand): this caption principally comprises the deferred taxes recognised on the allocation of consolidation differences to specific assets (especially the property investments held by the Group). The additional value identified on consolidation is not relevant for tax purposes; accordingly, this provision is being used to neutralise the additional taxes recorded in the current and future years, due to the non-deductibility of the depreciation charged on the higher asset values. The change during the year principally reflects reversals linked to the depreciation of these revalued assets, net of the tax effect of other main consolidation entries (with regard, in particular, to the recognition of intercompany leasehold improvements and of leasing contracts using finance lease methodology);
- Derivative financial instruments (Euro 88 thousand at March 31st, 2021, compared with Euro 92 thousand the previous year): in accordance with OIC 32, this item includes the negative fair value of certain derivatives arranged by the Group to hedge the risk of fluctuations in the interest rates charged on long-term loans (interest rate swaps and interest rate caps). Although the above contracts qualify as hedges (being correlated with the related loan conditions), the Group elected not to recognise them as cash flow hedges and to recognise the changes in the fair value of the instruments through the income statement (total charges of Euro 14 thousand during the year ended March 31st, 2021);
- Other provisions for risks and charges (Euro 3,642 thousand as at March 31st, 2021, down by Euro 3,176 thousand compared to the previous financial year, net of the change in the consolidation area): the item includes the residual portion of pre-existing provisions, made to cover liabilities of various kinds (commercial, tax, labour law, etc.), based on the Group's best estimate of their quantification, carried out on the basis of the information available. The changes during the year mainly refer to uses of liabilities identified during the year under review and in previous years at the time of first-time consolidation of Endurance Adler S.p.A. and Endurance Castings S.p.A., in relation to the forecast of unfavourable economic effects as a consequence of commercial and corporate risks that arose during the period under review, as well as the release of some provisions made in previous years following a review of the best estimate of the risks involved.

Provision for employee termination indemnities

The provision is stated net of advances and amounts paid on the termination of employment during the course of the financial year and represents the actual liability due to employees at the balance sheet date.

Description	31/03/2020	Provision	Utilisations	Other changes	31/03/2021
Provision for employee termination indemnities	2,403,969	452,510	(583,881)	676,847	2,949,445
Total	**2,403,969**	**452,510**	**(583,881)**	**676,847**	**2,949,445**

This provision is stated net of the amounts paid to supplementary pension funds, if specified by the employees concerned, and includes the amounts that some employees have decided to leave with their specific employer. The amounts retained by the Group, including the historical provisions not transferred to the INPS Treasury Fund, Previndai, Fondo Cometa or other supplementary pension funds, are re-valued for the effects of inflation in accordance with legal requirements.

The item "other changes" includes the effects of the change in the consolidation area, following the entry of Endurance Adler S.p.A. in the Group.

Payables

Set out below are details of payables at March 31st, 2021, together with prior year end comparatives:

Description	31/03/2021 within 1 year	31/03/2021 beyond 1 year	31/03/2021 Total	31/03/2020 Total	Change	Change %
Due to banks	22,045,122	36,490,764	58,535,886	59,002,712	(466,826)	-1%
Due to other lenders	2,080,594	1,346,111	3,426,705	3,686,101	(259,396)	-7%
Advances	565,466	-	565,466	125,500	439,966	351%
Trade payables	66,845,592	-	66,845,592	54,668,651	12,176,941	22%
Payables due to parent companies	119,364	-	119,364	49,535	69,829	141%
Payables due to fellow subsidiaries	7,009,175	-	7,009,175	5,261,146	1,748,029	33%
Tax payables	952,639	-	952,639	631,638	321,001	51%
Due to pension and social security institutions	2,771,303	-	2,771,303	2,441,271	330,032	14%
Other payables	9,617,279	9,918	9,627,197	11,782,219	(2,155,022)	-18%
Total	**112,006,534**	**37,846,793**	**149,853,327**	**137,648,773**	**12,204,554**	**9%**

Amounts due to banks include both the short-term portion (amounting to Euro 21,174 thousand) and the portion beyond 12 months (amounting to Euro 36,491 thousand) of amounts due to primary credit institutions, relating to the balance of liabilities linked to current medium/long-term loan agreements, as well as the balance of short-term advances relating to commercial transactions received from banks (Euro 871 thousand). It should be noted that the change in the consolidation area led to an increase in the balance of amounts due to banks of Euro 344 thousand.

With reference to the new loans signed during the year, the following contracts were defined:

- unsecured loan for a total nominal amount of Euro 5,000 thousand, signed in April 2020 with Banca Nazionale del Lavoro, with a total duration of 5 years;
- unsecured loan for a total nominal amount of Euro 10,000 thousand, signed in April 2020 with Gruppo Banco Popolare, with a total duration of 5 years;
- unsecured loan for a total nominal amount of Euro 2,705 thousand, signed in April 2020 with Medio Credito Centrale, ("MCC") with a total duration of 8 years;
- unsecured loan for a total nominal amount of Euro 5,000 thousand, signed in January 2021 with the Unicredit group, with a total duration of 5 years. This loan was obtained on particularly favourable terms, being able to benefit from the guarantee issued by the MCC as part of the measures adopted by the Italian government to support companies affected by the Covid-19.

The following is a breakdown of medium-term loans outstanding at March 31st, 2021:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2021	Within one year	Beyond one year
BNL	3,500,000	13/07/2016 - 5	350,000	350,000	-
Banca del Mezzogiorno	4,000,000	14/07/2016 - 5	207,191	207,191	-
UBI	3,000,000	27/03/2017 - 5	610,535	610,535	-
UBI	2,500,000	27/03/2017 - 5	508,779	508,779	-
Unicredit	10,000,000	04/07/2017 - 5	3,750,000	2,500,000	1,250,000

UBI	3,000,000	19/07/2017 - 5	811,026	607,507	203,519
BNL	5,000,000	27/10/2017 - 5	1,750,000	1,000,000	750,000
Gruppo Banco Popolare	10,000,000	30/11/2017 - 5	3,515,215	2,007,567	1,507,648
UBI	2,000,000	29/01/2018 - 5	568,337	250,721	317,616
Mediocredito	10,000,000	26/10/2018 - 5	5,000,000	2,000,000	3,000,000
Banca Nazionale del Lavoro	5,000,000	07/12/2018 - 5	3,000,000	1,000,000	2,000,000
Cariparma - Credit Agricole	3,000,000	20/02/2019 - 5	1,817,052	599,946	1,217,106
Unicredit	1,000,000	19/04/2019 - 4	742,026	403,477	338,549
CREDEM	5,000,000	10/12/2019 - 4	3,448,220	1,248,421	2,199,799
Intesa San Paolo	10,000,000	29/01/2020 - 4	7,500,000	2,500,000	5,000,000
UBI	3,000,000	19/02/2020 - 3	1,923,331	1,000,489	922,842
UBI	2,000,000	19/02/2020 - 3	2,000,000	-	2,000,000
Banca Nazionale del Lavoro	5,000,000	01/04/2020 - 5	4,250,000	1,000,000	3,250,000
Gruppo Banco Popolare	10,000,000	30/04/2020 - 5	8,442,335	2,089,217	6,353,118
MCC - Fondo crescita sostenibile	2,705,489	29/04/2020 - 8	2,541,411	330,128	2,211,283
Unicredit	5,000,000	21/01/2021 - 5	5,000,000	999,960	4,000,040
Total nominal value	**104,705,489**		**57,735,458**	**21,213,938**	**36,521,520**
Amortized cost effect			(70,253)	(39,496)	(30,756)
Totale	**104,705,489**		**57,665,205**	**21,174,442**	**36,490,764**

The contracts are regulated on the basis of the quarterly and/or six-monthly EURIBOR rate, with application of spreads varying between 0.002%, for the most recent contracts (in particular for a contract stipulated with the release of the guarantee by Medio Credito Centrale pursuant to Legislative Decree no. 23 dated April 8th, 2020), and 1.50% for the less recent ones, in consideration of the market conditions at the time of signing and the duration of the loan. It should be noted that, as at March 31st, 2021, the portion of payables with a maturity longer than 5 financial years amounts to Euro 864 thousand.

The amounts due to other lenders include the outstanding liabilities to leasing companies (Euro 3,427 thousand as ata March 31st, 2021, down by Euro 259 thousand on the previous year, with immaterial effect connected to the consolidation area variation). During the year the value increased following the signing of 2 new contracts (for a total value of Euro 1,831 thousand) and decreased due to the repayment of the portions contractually agreed upon, as well as the acquisition of the expired contract assets (for a total amount of Euro 2,090 thousand).

The outstanding liability to other lenders at Marche 31st, 2021 comprises:

- Euro 2,135 thousand due within 12 months;
- Euro 1,292 thousand due within 5 years; and
- no liabilities due beyond 5 years.

The amount of trade payables, equal to Euro 66,845 thousand as of March 31st, 2021, increased by Euro 12,177 thousand compared to the previous financial year, due to the combined effects of the change in the consolidation area (contribution of liabilities for Euro 2,807 thousand), as well as the trend of the activities, and the procurement policy of the Group, in particular taking into account the market trend in the last months of the financial year under review compared to the same period of the previous year, already significantly impacted by the market slowdown, accentuated by the effects of the start of the pandemic spread worldwide and the related production stoppages. The value included in the financial statements as of March 31st, 2021 includes the liabilities (approximately 3.0 million euros) related to the fixed assets investments made in the last part of the period under review in relation to the Group's production capacity increase for new projects.

Payables due to parent companies (Euro 119 thousand at March 31st, 2021) refer to commercial transactions with the parent company Endurance Technologies Limited.

Payables to fellow subsidiaries (Euro 7,009 thousand at March 31st, 2021, up by Euro 1,748 thousand compared to the previous financial year) refer to transactions with the foreign subsidiary Endurance Amann GmbH and include, for Euro 4,004 thousand, to the centralized treasury management (cash pooling) operated by Endurance Overseas S.r.l., for Euro 3,000 thousand to a loan granted by the subsidiary to the Group, and for Euro 5 thousand to commercial transactions.

With reference to tax payables (Euro 925 thousand at March 31st, 2021, up by Euro 321 thousand compared to the previous financial year), it should be noted that the increase determined in the item by the effect of the change in the consolidation area (for Euro 3,863 thousand, relating to tax liabilities pertaining to the financial years prior to entry into the Endurance Group) was offset by payments made during the year, in advance on the deadlines agreed with the tax authorities, following the restructuring carried out by the Endurance Group following the acquisition.

The increase recorded under payables to social security institutions (moving from Euro 2,441 thousand to Euro 2,771 thousand during the 2020/2021 financial year) is mainly attributable to the change in the consolidation area (with an effect of Euro 248 thousand).

Other payables (Euro 9,627 thousand, down by Euro 2,155 thousand compared to the previous year, net of the contribution of Endurance Adler S.p.A. for Euro 359 thousand) mainly consists of payables to employees (Euro 8,612 thousand) for salaries and payroll accruals to be paid.

It should be noted that there were no changes in the amount or terms of payment of payables, nor violations of contractual clauses related to the current Covid-19 pandemic.

Debt secured by collateral

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, it is hereby certified that the amounts due to banks recorded in the financial statements as of March 31st, 2021 do not include any amounts secured by collateral on the Company's assets.

Accrued expenses and deferred income

Accrued expenses and deferred income total Euro 1,150 thousand at March 31st, 2021 (down from Euro 1,609 thousand at the end of the prior year) and include, among others, deferred commercial income and the future portion (Euro 165 thousand, including Euro 111 thousand due beyond 12 months) of grants attributable to (a) the incentives ("Tremonti quater") envisaged in the so-called "competitiveness decree" (art. 18, Decree 91/2014) for incremental investment in the period 2014-2015 in excess of the average for the 5 preceding years and (b) the R&D activities eligible for the tax credit allowed in art. 1, para. 35, of Law 190 dated 23 December 2014. These proceeds are deferred in relation to the depreciation and amortisation of the portion of investments eligible for funding.

Explanatory notes - Consolidated income Statement

Value of production

The value of production during 2020/2021 is analysed below on a comparative basis:

Description	Year 2020/2021	Year 2019/2020	Change	Change %
Revenues from sales of goods and services	168,045,619	205,324,249	(37,278,630)	-18%
Changes in inventories of work in progress, semi-finished and finished products	(2,483,455)	18,769	(2,502,224)	-13332%
Increases in fixed assets for internal production	1,541,197	141,015	1,400,182	993%
Other revenues	5,006,868	6,098,651	(1,091,783)	-18%
Total	**172,110,229**	**211,582,684**	**(39,472,455)**	**-19%**

Revenues from sales for the year (which also include income from the sale of specific tooling used in production to customers, based on the existing contractual agreements) recorded a reduction by 18% as compared with the previous year, and were affected by the contraction in the reference market, accentuated, especially in the first few months of the year, by the effects of the spread of the Covid-19 pandemic, both regarding the operation of production chains (which led to the application of production stoppages both in Italy and abroad, also linked to lockdowns imposed by different governments) and in connection to the level of consumer confidence and the related propensity to durable goods purchasing.

With specific reference to the impact on the operations of the Endurance Group' companies, it should be noted that, due to the spread of the contagion in the various Italian areas, the factories located in the national territory suffered a complete interruption of the activities for the whole month of April 2020 and for part of the month of May, with a subsequent partial recovery of the operating capacity for the months of June and July, and subsequently recording a recovery during the second half of the year (in particular in the quarter October-December 2020).

This negative trend more than offset the incremental effect on the Group's volumes determined by the change in scope of consolidation area, following the entry of Endurance Adler S.p.A. into the Group, which contributed to Group's revenues by approximately Euro 6.9 million during the 2020/2021 financial year.

The downward trend in business volumes has been registered, among Group's customers, in connection to all major customers, both domestically for the FCA/Stellantis and CNHI customers, and internationally for the Volkswagen group in particular, and for PSA/GM, Daimler and BMW.

Regarding the decrease in inventories, reference should be made to the comment on inventories in the balance sheet.

The item "Increases in fixed assets for internal production" primarily makes reference to the capitalization of development costs relating to R&D activities carried out by Group companies regarding the development of new products and the implementation of process improvements and innovations (the costs subject to capitalization primarily regard the production factors employed, payroll costs and the depreciation of capital goods used by companies, including those relating to co-financed and granted R&D projects).

Other revenues include, among others, the proceeds deriving from the recovery from customers of the costs for packaging, recharges and miscellaneous sales, as well as the incomes of the Parent Company for services provided under the Service Agreement in place in favour of Endurance Amann Gmbh, subject to the control of the ultimate Parent company, and for the charge-back of costs personnel seconded to the same German subsidiary, as well as the share pertaining to the year (Euro 1,515 thousand) of the grants obtained during the year in connection to the use of photovoltaic plants, in application of the regulations for energy-intensive companies and those, in the form of tax credits, relating to investments in plant and machinery ("Tremonti quater") and for research and development expenses described above.

The following table provides details of revenues from sales and services by geographical area:

Geographical area	Year 2020/2021	Weight %	Year 2019/2020	Weight %
ITALY	94,677,955	56%	117,184,640	57%
GERMANY	35,955,365	21%	51,084,998	25%
HUNGARY	19,164,461	11%	19,501,726	9%
POLAND	7,266,356	4%	8,324,665	4%
ROMANIA	2,772,939	2%	3,364,531	2%
OTHER EU COUNTRIES	4,255,541	3%	4,603,961	2%
NON-EU COUNTRIES	3,953,002	2%	1,259,727	1%
Total	**168,045,619**	**100%**	**205,324,249**	**100%**

Wit reference to the breakdown by category of activity, it should be noted that the revenues from sales and services of the Group refer entirely to income relating to the core business, represented by the supply of powertrain components (parts for engines and transmissions), for suspensions and bodywork for the automotive sector and related activities, and aimed at the OEM (Original Equipment Manufacturer) market, operating mainly as Tier 1 supplier towards the principal European car makers.

Details of cost of production

Set out below are details of the trend in operating costs together with prior year comparatives:

Description	Year 2020/2021	Year 2019/2020	Change	Change %
Raw materials, ancillary materials and goods for resale	65,392,781	84,540,086	(19,147,305)	-23%
Services	33,489,495	40,496,261	(7,006,766)	-17%

Lease and rental charges	2,001,505	1,936,150	65,355	3%
Payroll costs				
Wages and salaries	29,100,457	30,779,200	(1,678,743)	-5%
Social contributions	7,030,802	7,708,790	(677,988)	-9%
Employee termination indemnities and pension	1,293,850	1,159,619	134,231	12%
Other payroll costs	637,766	575,777	61,989	11%
Depreciation, amortisation and writedowns				
Amortisation of intangible assets	1,864,060	1,284,310	579,750	45%
Depreciation of tangible fixed assets	17,121,298	20,966,760	(3,845,462)	-18%
Writedown of receivables included in current assets	245,905	-	245,905	-
	10,464		10,464	-
Change in inventories of raw materials	696,428	(544,379)	1,240,807	-228%
Other Provisions	300,000	-	300,000	-
Other operating expenses	1,429,812	2,063,489	(633,677)	-31%
Total	**160,614,623**	**190,966,063**	(30,351,440)	-16%

Overall, operating costs for the year fell compared with the previous year (down 16% overall), in line with the reduction in the value of production, resulting in a reduction in the operating margin (the difference between the value and cost of production) which amounted to 6.7% for the year, compared with 9.7% for the previous year.

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The ratio of the items as a percentage of the value of production - read together with the change in raw material inventories - is overall slightly down when compared with prior year (equal to 57% compared to 59% in the 2019/2020 financial year), due to the offsetting effect of the cost optimization strategies implemented by the Group to address market trends, which allowed to absorb the incremental contribution related to the change in scope of consolidation area (represented by incremental costs of Endurance Adler S. p.A., amounting to approximately Euro 4.7 million).

Lease and rental charges

This item (which increased by Euro 65 thousand compared to the previous year, primarily due to the predominantly fixed nature of the costs and the change in the consolidation area) mainly includes costs relating to rentals to third parties of the operating structures of Group companies, and for various operating rentals.

Payroll costs

The item recorded an overall reduction of around 5% compared to the previous year, with a smaller variation compared to the trend of variable costs, also linked to the effect of the increase in the workforce following the change in the consolidation area (with an effect of around Euro 1.8 million, linked to an average employment of around 52 incremental employees).

The item includes the whole expense for employees, including the effects of bonuses, promotion, the cost of unused vacations and provisions pursuant to the law and collective labour agreements, as well as the charges deriving from the retention plan defined in favour of the company's management, which is conditional on the economic/financial results achieved in Europe and on the employee remaining with the company until a predefined minimum deadline. The figure also includes the cost of temporary staff, with the exception of the portion relating to the service provided by temporary employment agencies (which is included into item B7).

The cost of personnel dedicated to research and development activities, for the portion that was capitalized during the year, amounted to approximately Euro 1.2 million.

Depreciation and amortisation

Amortization and depreciation of intangible and tangible fixed assets are calculated on the basis of the technical useful life of the asset and its exploitation during the production phase. During the year the Group recorded amortization for a total value of Euro 18,985 thousand, down (by Euro 3,266 thousand) compared to the value of the previous year: this trend was impacted on the one hand by the change in the consolidation area (with a contribution from Endurance Adler of Euro 1.4 million), more than offset by the recording of depreciation of tangible fixed assets, which decreased compared to the previous year, being impacted by the revision of the useful life of certain assets (Specific Machinery/Automatic Operating Machines and Furnaces), carried out on the basis of the actual use of the assets considering the production processes adopted, which resulted in the modification of the depreciation rate (respectively moved from 15.5%, 17.5% and 15% to 10%).

Finally, it should be noted that, on the basis of the periodic analysis of the changes made with reference to the estimated residual useful life of certain assets in connection with the updated information available about the phase-out timing of certain specific products, the related depreciation schedules were accelerated in line with the updated periods of actual future use of the specific assets.

Financial income and charges

Financial income and charges recorded in the year ended March 31st, 2021 are analysed on a comparative basis in the following table:

Description	Year 2020/2021	Year 2019/2020	Change	Change %
Financial income	445,236	159,353	285,883	179%
Financial charges	(830,208)	(765,777)	(64,431)	8%
Exchange gains and losses	(4,584)	88,364	(92,948)	-105%
Total	**(389,556)**	**(518,060)**	**128,504**	**-25%**

Financial income refers to interest income accrued on positive current bank account balances and long-term financial receivables in place, as well as capital gains recorded in connection to transactions on securities and bonds operated during the year.

Financial expenses (Euro 830 thousand in the year, up 8% on the previous year) mainly include interest expense on medium-term loan agreements in place during the year and those relating to the management of short-term loan transactions (such as, for example, advances on invoices, advances on cash flows, factoring and/or cash management transactions). The increase recorded in the reference period refers mainly to the change in the consolidation area.

Foreign exchange gains and losses (net expense of Euro 5 thousand) include the net balance of income and expense deriving from exchange rate fluctuations arising from the realization of assets and liabilities denominated in currencies other than the euro (which, in the case of the Group, exclusively regard transactions in US dollars), as well as the effect of period-end exchange rate adjustments to receivables and payables denominated in currencies other than the euro.

Adjustments to financial assets

This item (showing a net negative balance of Euro 558 thousand) includes the economic effects of the net fair value adjustment of the financial instruments and derivative instruments used by the Group, carried out in order to align their value to the market value. Reference should also be made to the information provided in the preceding section regarding Current financial assets not held as fixed assets.

Current and deferred taxation

The Group has accrued for taxation for the year based on the basis of applicable tax legislation.

Taxes pertaining to the 2020/2021 financial year, represented by a net income of Euro 2,087 thousand (compared to a net expense of Euro 4,320 thousand in the previous financial year) include:

- current taxes pertaining to the period, amounting to a net charge of Euro 380 thousand (including the effects related to tax income from previous years and charges arising from the application of the tax consolidation regime), down compared to the 2019/2020 financial year, which had recorded a net charge of Euro 4,400 thousand; and

- deferred/prepaid taxes (net income of Euro 2,561 thousand, compared to Euro 1,847 thousand in the previous year), relating to positive or negative income components respectively subject to taxation or deduction in different fiscal years compared to those of statutory accounting.

The reduction in the tax impact recorded in the year compared to the previous year is mainly due to the effect of the complete effect of the benefits connected with the hyper-depreciation discipline for technologically advanced investments made in previous years, which determined - also taking into account the downward trend in volumes for the year - the computation, at consolidated level, of a negative tax income for the current year .

The following table shows details of the amounts described:

	Year 2020/2021	Year 2019/2020
Income taxes	**(2,087,335)**	**4,319,529**
Current taxation		
of which: IRES for the year (current)	162,562	6,142,283
of which: IRAP for the year (current)	506,434	1,509,769
of which: Taxation relating to prior years	(194,865)	(31,653)
Deferred taxation	(2,561,466)	(1,846,765)

Deferred tax assets and liabilities have been calculated using rates that are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9). Deferred tax assets have been accounted for as there is reasonable certainty that, in the financial years in which the temporary differences will reverse, taxable income will not be less than the amount of the differences that will be annulled.

Adhesion to the tax consolidation regime

As required by the OIC interpretative document on accounting standard 25, information is provided below regarding adherence to the tax consolidation regime in force within the Group.

In compliance with current legislation, the domestic tax group was renewed in the prior year (until the end of the tax year under review) by the signature of an agreement governing the tax relationships between Endurance Overseas S.r.l. – as the consolidating company – and both Endurance S.p.A. and Endurance Engineering S.r.l.. Endurance Castings S.p.A. and Endurance Adler (an newly entered in consolidation area) are not part of the tax consolidation regime.

The relationship between the parties concerns, in particular, the immediate payment of the consolidation differences arising from group taxation and the deduction on a consolidated basis of the excess non-deductible interest expense (if the conditions under paragraph 7 of article 96 of the Consolidated Income Tax Act are met).

Other information

Average employee numbers

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

Employees	Year 2020/2021	Year 2019/2020
Managers	18	16
White collar	137	123
Blue collar	456	420
Total	**611**	**559**

Group companies employ 614 people at March 31st, 2021: the increase recorded in mainly connected to the condolidarion area modification.

Remuneration of the Directors and the Board of Statutory Auditors

The fees earned during the year by the directors of Group companies totalled Euro 348 thousand, while the fees of the Boards of Statutory Auditors of the various Group companies amounted to Euro 128 thousand in the 2020/2021 financial year.

Fees payable to independent auditors

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

- Euro 93 thousand for the legal audit of the accounts pursuant to Legislative Decree 39/2010 relating to the financial statements of consolidated companies and to the Group's consolidated financial statements, for the signing of the tax returns, as well as for checking the Group Reporting Package, prepared from the consolidated financial statements and submitted for the purpose of consolidating the ETL Group;
- Euro 11 thousand for additional services provided by the independent auditors, relating to the verification and certification of tax returns;
- Euro 28 thousand for services provided by other members of the same network as the legal auditing firm.

Related party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the Report on operations.

Off balance sheet agreements

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

Information relating to the fair value of financial instruments

In compliance with the provisions of Art. 2427-bis of the Italian Civil Code, in order to present a true and fair view of the company's commitments, details of the fair value, extent and nature of holdings of financial derivatives are set out below (amounts in thousands of Euro):

Type of contract	Number of contracts at 31/03/2021	Original notional value	Notional at 31/03/2021	Fair value at 31/03/2021	Number of contracts at 31/03/2020	Original notional value	Notional at 31/03/2020	Fair value at 31/03/2020
Interest rate swap	7	38,000	23,634	(88)	6	35,127	18,437	(92)
Interest rate CAP	-	-	-	-	1	2,000	305	-
TOTAL	**7**	**38,000**	**23,634**	**(88)**	**7**	**37,127**	**18,742**	**(92)**

Information about significant events arising subsequent to the reporting date

The difficult events connected with the spread of Covid-19, with the consequent restrictive measures, extraordinary in nature and extent, adopted by the public authorities for virus containment, have had direct and indirect repercussions on economic activity and have created a context of general uncertainty, the evolution and relative effects of which are not easy to predict at the moment. However, a gradual recovery of the economic context from the levels recorded during 2020 is estimated, closely linked to the containment measures of the pandemic and the deployment of a widespread and effective vaccination plan.

At present, and taking into account the actions taken, it is believed that the effects linked to the coronavirus epidemic will not have an impact on the business continuity of Group companies.

The potential repercussions of this phenomenon on the financial statements cannot, as of today, be determined with absolute certainty; however, it can be hypothesized that there will be an increase in the operating activities of the companies of the Endurance Group, the extent of which will depend on the actions taken internally as well as government measures to actively contrast the pandemic.

With reference to point 22-quater of article 2427 of the Italian Civil Code, there were no other significant events after the end of the period that had a significant impact on the Group's financial position, results of operations and cash flows..

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

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

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

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

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

The Parent Company (as well as all companies belonging to the Group) is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which, indirectly, wholly owns the Parent Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2020 (fixed on 29 March 2020) was 82.8985 (77.7190 at 31 March 2019) - (source www.ecb.europa.eu):

Balance sheet	Financial statements at 31/03/2020	Financial statements at 31/03/2019
Assets		
Non-current assets		
Fixed assets, net	15,396.06	12,629.37
Investments and other non-current assets	4,826.73	5,900.00
Current assets	9,605.88	11,022.75
Activities held for sale	-	33.37
Total Assets	**29,828.67**	**29,585.49**
Liabilities and equity		
Equity	**23,167.64**	**20,799.50**
Non-current liabilities		
Non-current financial liabilities	42.84	29.78
Other non-current liabilities	339.39	265.65

Current liabilities		
Current financial liabilities	5,643.49	7,738.02
Other current liabilities	635,31	752.54
Total liabilities and equity	**29,828.67**	**29,585.49**

Income Statement	Financial statements at 31/03/2020	Financial statements at 31/03/2019
Revenues	**49,747.57**	**54,336.82**
Operating costs	41,962.53	46,854.49
Depreciation and amortisation	1,992.48	1,756.98
Financial charges	108.15	170.73
Non-recurring income/(expense)	-	(208.00)
Income before tax	**5,684.41**	**5,346.62**
Taxation for the year (current and deferred)	1,407.49	1,768.01
Income (loss) for the year	**4,276.92**	**3,578.61**
OCI - Other comprehensive income	(43.44)	(23.39)
Total statement of comprehensive income	**4,233.48**	**3,555.22**

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

****

To the Quotaholder,

We confirm that these consolidated financial statements, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of cash flow and explanatory notes, give a true and fair view of the financial position and Group's results and cash flows for the year and agree with the books of account.

Lombardore (Turin), 14/05/2020

For the Board of Directors

The Managing Director

Massimo Venuti

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

Tel: +39 011 55971
www.deloitte.it

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

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Endurance Overseas S.r.l. and its subsidiaries (the "Endurance Overseas Group" or the "Group"), which comprise the consolidated balance sheet as at March 31, 2021, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Endurance Overseas Group as at March 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Emphasis of matter

We draw attention to the "Fixed assets" section of the explanatory notes which provides information on the revaluation carried out by the subsidiary Endurance S.p.A. at March 31, 2021 pursuant to law no. 126/2020 and the related effects on the values of fixed assets, equity and tax payables for the substitute tax.

Our opinion is not modified in respect of this matter.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Other matters

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Endurance Overseas Group as at March 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as at March 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Endurance Overseas Group as at March 31, 2021 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 26, 2021

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE SPA

Head office: VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 01782370017
Turin Business Register (REA) no. 518048
Share capital: € 5,000,000.00 subscribed and fully paid
VAT Number: 01782370017
Management control and coordination: ENDURANCE OVERSEAS S.r.l.

Report on operations

Financial statements for the year ended March 31st, 2021

To the Shareholder,
The explanatory notes provide disclosures on the financial statements at March 31st, 2021; this document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

The year just ended was heavily conditioned by the effects of the Covid-19 pandemic on the global economy, due to the restrictions imposed and various impediments to the conduct of economic activities. The lockdowns and the restrictions placed on free movement by the authorities in order to keep contagion in check have had a serious effect on several sectors (travel and tourism, catering and personal services), while also depressing the wider economy by lowering disposable incomes and reducing the propensity to consume of households and citizens.

According to preliminary estimates released by the OECD, global gross domestic product (GDP) contracted by 3.4% in 2020, with declines in all major countries excluding China, which grew by 2.3%.

The 6.8% contraction in the Euro area was worse than the global average, as evidenced by the performance of Germany -5.3%, France -8.2%, Italy -8.9% and Spain -11.0%.

In this context, car registrations were severely curtailed, especially in the spring, due to the widespread lockdowns that basically suspended all selling activities. Registrations picked up subsequently, although below previous years, taking advantage of the increased propensity of consumers to avoid mass transport which was considered less safe, also thanks to public incentives to replace less ecological vehicles. In the period corresponding to the financial year (from April 2020 to March 2021) registrations dropped overall by -18.7%. Looking at the European and UK markets (-17.7% in just the EU) with a collapse in the first quarter (-52.5%), then stabilising at -6% in the second quarter, -8.3% in the third quarter and +0.7% in the last quarter. However these figures compare with a previous year already partially hit by the pandemic (in fact, the 87% rise in March 2021 compared with 2020 in real terms results in a -16% if compared with March 2019, which was not hit by Covid). Given that these were generalised effects, the declines affected all countries and all car manufacturers. The drop was particularly significant in Spain (-29.4%) and the UK (-24.9%). The VW group, the main manufacturer with almost a third of market share in the EU, recorded a drop in registrations of 17.9%, Renault one of -18.5%, BMW -11.3% and Daimler -19.9%. Stellantis, the new player born in January 2021 from the merger between PSA and FCA, achieved 9% growth in the EU in the first quarter of activity from the aggregation (although improper and only for indicative purposes, combining PSA and FCA data also in the periods prior to the merger, the annual figure would have shown a reduction in registrations of -26.5%). The other major car manufacturers had the following registrations in the last quarter of the year (January-April 2021): VW -1.4%, Renault -1.2%, BMW +8.6% and Daimler -9.1%.

P&C's vehicle production figures published by IHS MARKIT for calendar year 2020, down by 15.3% compared with overall registrations, show a contraction in world output of -16.9% (from 73.8 to 61.4 million vehicles) distributed in all the macro areas of the world: EU -23.3%, North America -20.4%, South America -34.2%, Asia -12.3%, Middle East and Africa -12.3%. Within the European Union, Germany was the leading producer with an output of 3.4 million vehicles (albeit down 24.7% compared with the prior year), followed by Spain 1.8 million (-19.5%), the Czech Republic 1.1 million (-19.3%), Slovakia 0.9 million (-12.0%), France 0.9 million (-45.8%), and Italy 0.5 million (-13.2%).

In the same period, exports of vehicles from the European Union fell both in volume (-17.5%) and in value (-16.0%), while imports also fell in volume (-32.0%) and in value (-19.7%).

In 2020, the market share of traditional internal combustion vehicles stood at 75.5% of the EU market (petrol 47.5% and diesel 28.0%), while hybrid electric vehicles (HEVs) accounted for 11.9% and electrically-chargeable vehicles (ECVs) 10.5% of registrations.

Industrial management of the Company saw production come to an almost total standstill in the first quarter, a slow recovery in the second quarter, followed by a third quarter working at over full capacity, driven by incentives and the replenishment of inventories by manufacturers. Despite the many difficulties, firstly due to the underutilisation (with the inevitable inefficiencies) and then to the overutilisation (with consequent extra costs) of the production factors, the net result was still positive, amounting to € 9.2 million or 6.7% of the value of production, with an EBITDA of approximately € 22.7 million

These positive results made it possible to improve the financial strength of the company and the overall liquidity position, despite the investments made in the period and the distribution of dividends.

Key events

As mentioned previously, the Company has suffered the effects of the Covid 19 pandemic.

The preventive measures introduced, the recommendations promptly adopted and the efforts made by the entire organisation to avoid internal contagion, made it possible to contain cases of positivity to the virus, guaranteeing the safety of the workplace and thereby avoiding plant closures, except in cases imposed by national authorities.

Turning to the action taken at Group level, Endurance S.p.A. reacted promptly to the extraordinary effects of the pandemic by taking steps to safeguard the health of all employees, as a priority objective, as well as to guarantee the continuity of production to the extent possible under appropriate safety conditions (purchase of PPE, reorganisation of operating procedures, interactions and movements within corporate facilities, as well as recourse - where practicable and applicable - to remote working for all professional roles)

To cope with the effects of the pandemic and improve overall performance, all of the Company's foundry activities during the year were concentrated at the Chivasso plant. This involved the important transfer of a part of the die-casting machines from the Grugliasco plant which, after a revamp, were gradually repositioned at the Chivasso foundry. In order to preserve the employment base, all employees were relocated to the other plants in Chivasso and Lombardore, while the Grugliasco plant was made available to Endurance Engineering S.r.l. which converted the site to accommodate the production of plastic components which were previously made at the Turin plant.

The commercial activity carried on during 2020/2021 resulted in the acquisition of new contracts worth almost € 14 million in annual sales on an on-going basis. These contracts, mainly obtained from VW (including the Audi division), will relate to traditional, hybrid and electric applications and will enter into production from the 2023/2024 FY onwards.

Management control and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, we can confirm that the Company belongs to the ENDURANCE Group (India) and is subject to management control and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) since October 2016.
The management control and coordination activities carried out have not had any particular impact on the Company's activities or its results. We can also confirm that no decisions were made that were influenced by the Company that performs management control and coordination activities and for which there is a need to justify the reasons for them and the interests that impacted on them.

Financial position

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

Balance Sheet - Assets

Item	March 31st, 2021	%	March 31st, 2020	%	Change	Change %
WORKING CAPITAL	**109,637,017**	**58.00%**	**93,897,983**	**56.83%**	**15,739,034**	**16.76%**
Immediate liquidity	**22,463,173**	**11.88%**	**23,034,228**	**13.94%**	**(571,055)**	**-2.48%**
Cash and cash equivalents	22,463,173	11.88%	23,034,228	13.94%	(571,055)	-2.48%
Deferred liquidity	**67,985,916**	**35.96%**	**49,371,477**	**29.88%**	**18,614,439**	**37.70%**
Current receivables included in working capital	20,731,969	10.97%	19,088,474	11.55%	1,643,495	8.61%
Financial assets	46,760,444	24.74%	30,024,306	18.17%	16,736,138	55.74%
Accrued income and prepaid expenses	493,503	0.26%	258,697	0.16%	234,806	90.76%
Inventories	**19,187,928**	**10.15%**	**21,492,278**	**13.01%**	**(2,304,350)**	**-10.72%**
FIXED ASSETS	**79,396,817**	**42.00%**	**71,314,276**	**43.17%**	**8,082,541**	**11.33%**
Intangible assets	1,797,195	0.95%	832,260	0.50%	964,935	115.94%
Tangible fixed assets	68,811,522	36.40%	62,560,527	37.87%	6,250,995	9.99%
Financial fixed assets	3,000,284	1.59%	3,000,284	1.82%	-	0.00%
Non-current portion of receivables included in working capital	5,701,029	3.02%	4,844,005	2.93%	857,024	17.69%
Accrued expenses and deferred income - non-current	86,787	0.05%	77,200	0.05%	9,587	12.42%
CAPITAL EMPLOYED	**189,033,834**	**100.00%**	**165,212,259**	**100.00%**	**23,821,575**	**14.42%**

With reference to the asset structure of the Company, we note in particular:

- as regards current assets:
  - an increase (by € 16.2 million) in cash and cash equivalents and financial assets (being the positive balance on the centralised treasury account of the Group and the investment of available liquidity), due to the positive cash flow generated by the Company after the absorption of funds by investing activities, as described in more detail later;
  - the trend in other elements of working capital, including the increase (approximately € 1.6 million) in the value of current receivables (in relation to the trend in business volumes in the latter part of 2020/2021, compared with the corresponding period of the previous year, impacted by the reduction and subsequent interruption of production activities in March 2020) and the reduction in inventories (€ 2.3 million) for the same reasons;
- with reference to non-current assets, in particular there was:
  - an increase in the carrying amount of tangible fixed assets and intangible assets due to the depreciation and amortisation charge for the year (€ 13.6 million), as offset by investment during the period (€ 11.4 million, linked to expand production capacity in relation to the new contracts acquired, especially from Teksid, VW and FCA), net of disposals (with a net carrying amount of about € 1.1 million) and of the revaluation carried out pursuant to article 110 of Legislative Decree 104 of 14 August 2020, (so-called "August Decree"), which involved certain production assets in the die-casting and mechanical processing sector (for a net value of € 8.9 million);
  - the increase in non-current receivables mainly relates to the increase in deferred tax assets (€ 5.1 million at March 31st, 2021) in relation to the negative balance of taxable income, following the application of the extra-deductions thanks to the super-accelerated depreciation and hyper-accelerated depreciation chargeable after the significant investments made in recent years.

Balance Sheet - Liabilities and Quotaholders' Equity

Item	March 31st, 2021	%	March 31st, 2020	%	Change	Change %
MINORITY INTEREST	**112,821,111**	**59.68%**	**101,834,460**	**61.64%**	**10,986,651**	**10.79%**
Current liabilities	**78,463,858**	**41.51%**	**70,254,654**	**42.52%**	**8,209,204**	**11.68%**
Current payables	78,251,845	41.40%	69,705,756	42.19%	8,546,089	12.26%
Accrued expenses and deferred income	212,013	0.11%	548,898	0.33%	(336,885)	-61.37%
Non-current liabilities	**34,357,253**	**18.18%**	**31,579,806**	**19.11%**	**2,777,447**	**8.80%**
Non-current payables	30,710,293	16.25%	25,468,676	15.42%	5,241,617	20.58%
Accrued expenses and deferred income - non-current	128,773	0.07%	291,969	0.18%	(163,196)	-55.89%
Provision for risks and charges	1,472,199	0.78%	3,940,576	2.39%	(2,468,377)	-62.64%
Employee termination indemnity	2,045,988	1.08%	1,878,585	1.14%	167,403	8.91%
EQUITY	**76,212,723**	**40.32%**	**63,377,799**	**38.36%**	**12,834,924**	**20.25%**
Quota capital	5,000,000	2.65%	5,000,000	3.03%	-	0.00%
Reserves	38,981,767	20.62%	30,344,816	18.37%	8,636,951	28.46%
Retained earnings (accumulated losses)	23,032,983	12.18%	15,393,620	9.32%	7,639,363	49.63%
Net income (loss) for the year	9,197,973	4.87%	12,639,363	7.65%	(3,441,390)	-27.23%
FINANCING SOURCES	**189,033,834**	**100.00%**	**165,212,259**	**100.00%**	**23,821,575**	**14.42%**

With reference to the company's equity and liability structure, we would point out in particular that:

- in the area of third-party capital, the increase in current liabilities (for a total of € 8.2 million, in particular for trade payables, based on the growth trend in business volumes in the second half of the year, compared with those of the previous year), and in non-current liabilities (linked to renewal of the debt structures by taking out new loans for a total of € 22.7 million, net of the contractual repayments envisaged for outstanding liabilities of € 16.6 million), less the reduction in provisions for risks and charges (due to releases and uses of the provisions made during the year for approximately € 2.5 million for hedging risks and their revision, mainly with reference to commercial and production risks);
- with regard to equity, shareholders' equity increased overall by € 12.8 million, thanks to the positive result for the period (€ 9.2 million), the effect of the revaluation of tangible fixed assets under recent laws (for € 8.6 million), net of dividends distributed during the year to the parent company Endurance Overseas S.r.l. (€ 5.0 million).

Key indicators of financial position

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

RATIO	FY 2021	FY 2020	% Change
Fixed asset coverage	103.54 %	95.46 %	8.46 %
Amounts payable to banks to working capital	39.72 %	40.19 %	(1.17) %
Debt ratio	1.48	1.61	(8.07) %
Financial debt ratio	0.64	0.69	(7.25) %
Equity to capital employed	40.32 %	38.36 %	5.11 %
Financial charges to turnover	0.33 %	0.23 %	43.48 %
Current ratio	143.43 %	137.46 %	4.34 %
Fixed asset to equity capital margin	5,603,722	(15,272)	36,792.78 %
Primary coverage ratio	1.08	1.00	8.00 %
(Equity + non-current liabilities) - fixed assets	39,832,202	31,272,565	27.37 %
Secondary coverage ratio	1.56	1.49	4.70 %
Net working capital	34,131,173	26,428,560	29.15 %
Acid test margin	14,943,245	4,936,282	202.72 %
Acid test ratio	119.01 %	107.00 %	11.22 %

Statement of cash flows

Item	Year 2020-2021	Year 2019-2020
Cash and cash equivalents at beginning of period	**23,034,228**	**38,652,880**
Cash and cash equivalents acquired through the merger	**-**	**-**
a. Cash flows from operating activities	26,866,706	21,783,374
b. Cash flows from investing activities	(24,459,429)	(31,308,534)
c. Cash flows from financing activities	(2,978,331)	(6,093,492)
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(571,055)**	**(15,618,652)**
Cash and cash equivalents at end of period	**22,463,173**	**23,034,228**

The liquidity of the Company decreased during the year by about € 0.6 million, due to the combined effects of the following factors:

- net positive cash flow from operating activities of € 26.9 million, mainly due to the contribution made by the results of operations (EBITDA of about € 22.7 million), as well as the change in net working capital (due to the trend in trade payables);
- cash flow absorbed by investing activities (net outflow of € 24.4 million), mainly in tangible fixed assets, in order to increase production capacity in relation to current projects and the new contracts acquired (€ 11.4 million), and by the change in current financial assets (representing the deployment of available liquidity) of € 12.8 million;
- cash flow absorbed by financing activities, negative for € 3.0 million, of which € 4.0 million due to the increase in treasury current accounts (classified among current financial assets) and € 5.0 million on the payment of dividends to Endurance Overseas S.r.l., as offset by the net positive effect - € 6.0 million - of the increase in non-current payables (new funding arranged during the year of € 22.6 million, net of contractually envisaged repayments of € 16.6 million).

Results

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

Income Statement

Item	Year 2020-2021	%	Year 2019-2020	%	Change	Change %
VALUE OF PRODUCTION	**137,563,641**	**100.00%**	**175,126,850**	**100.00%**	**(37,563,209)**	**-21.45%**
- Consumption of raw materials	59,630,016	43.35%	78,686,790	44.93%	(19,056,774)	-24.22%
- General expenses	29,638,622	21.55%	36,929,590	21.09%	(7,290,968)	-19.74%
VALUE-ADDED	**48,295,003**	**35.11%**	**59,510,470**	**33.98%**	**(11,215,467)**	**-18.85%**
- Payroll costs	24,608,455	17.89%	25,147,495	14.36%	(539,040)	-2.14%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**23,686,548**	**17.22%**	**34,362,975**	**19.62%**	**(10,676,427)**	**-31.07%**
- Depreciation, amortisation and writedowns	13,614,831	9.90%	18,359,264	10.48%	(4,744,433)	-25.84%
- Other operating expenses	999,121	0.73%	1,780,499	1.02%	(781,378)	-43.89%
INCOME BEFORE FINANCIAL ITEMS (EBIT)	**9,072,596**	**6.60%**	**14,223,212**	**8.12%**	**(5,150,616)**	**-36.21%**
+ Financial items	(383,783)	-0.28%	(159,060)	-0.09%	(224,723)	141.28%
INCOME BEFORE TAX	**8,688,813**	**6.32%**	**14,064,152**	**8.03%**	**(5,375,339)**	**-38.22%**
- Taxation	(509,160)	-0.37%	1,424,789	0.81%	(1,933,949)	-135.74%
NET INCOME	**9,197,973**	**6.69%**	**12,639,363**	**7.22%**	**(3,441,390)**	**-27.23%**
EBITDA	**22,687,427**	**16.49%**	**32,582,476**	**18.61%**	**(9,895,049)**	**-30.37%**

From an economic point of view, the 2020/2021 financial year saw a decrease in the value of production (-21.5%, equal to € 37.6 million), significantly influenced by the trend in the automotive market, where there was a significant slowdown connected with the spread of the Covid-19 pandemic in the first half of the year. In the specific case of the Company and by virtue of the government's measures, this situation led to the interruption of production activities for a period of approximately 6 weeks at the beginning of the year, followed by a partial recovery in the entire first half, subsequently returning to pre-pandemic volumes during the third quarter. This was confirmed in the latter months of the fiscal year, albeit with some new slowdowns.

In particular, the following main trends can be identified with regard to the sales made to leading customers:

- with reference to domestic customers, the marked reduction in sales to the Stellantis/FCA group (more than 15% lower than in the prior year) and CNHI group (a 25% reduction), which resulted in revenues lower by € 14 million on the previous year.
- with regard to foreign customers, the same contraction in sales volume to Volkswagen (€ 16 million, 27% less than the prior year) also took place with the PSA/GM group (today Stellantis, with a reduction of € 7 million) and to a lesser extent with the BMW and Daimler groups.

With reference to the 2020/2021 financial year, the FCA/Stellantis group and VW were confirmed as the Company's main customers, totalling respectively 43% (45% considering the extension of the Stellantis perimeter to the PSA/GM brands) and 32% of total turnover, followed by CNHI (10%), Daimler (4%) and BMW (3%).

As regards production costs, there was a more than proportional reduction with respect to turnover, with the weight of raw material purchases in particular falling by € 19 million, while for overheads the reduction was lower (-20% equal to a decrease of € 7.3 million compared with the previous year), due to the inconsistent reduction in logistic and service costs related to the management of the quality improvement process - put under further pressure by the operational difficulties encountered during the year due to the pandemic - in order to guarantee the levels of supply and customer requests (strongly conditioned by changes in procurement strategies in recent months, for the management of lockdowns first and then of the market recovery).

Payroll expenses during the year decreased slightly compared with the previous year, due to the combined effect of the cost reductions obtained through the use - in the first part of the year - of the support tools made available to manage the pandemic (the Company made use of the Covid 19 Extraordinary Redundancy Fund - involving a gradually falling number of employees - for the period from April to July 2020), offset by the effects linked to the strengthening of the Company's structures - already planned - in relation to the process of consolidating the supply chain to which it belongs, a process in which the Endurance Group has in any case invested, despite the current market contractions, following confirmation of the Group's development plans in the coming years.

The depreciation and amortisation charge (about € 4.7 million less than the prior year) was affected by the combined effect of:

- an increase linked to the investments made during the year, as well as the decline in the useful lives of certain assets dedicated to the production of specific items. These changes were applied following revisions to the related sales forecasts that reflect modifications in the outlook for orders from the customers concerned;
- a decrease in the economic impact connected to the overall review, carried out in application of OIC 16, of the residual useful life of certain categories of fixed assets (in particular for die-casting and mechanical processing machinery, with the exclusion of those specifically affected by the assessments indicated previously). These were redefined from 01/04/2020 as a total of 10 years (compared with the previous periods of 6-7 years), based on the effective use of these production factors and an increase in the average duration of job orders (also taking into account the characteristics of modularity gradually introduced in recent years, also on the basis of customer requests).

With reference to this cost item, it should be noted that the Company did not resort to the option to suspend depreciation pursuant to Law no. 126.

Compared with the previous year, there has also been a reduction in other operating costs (down by approximately € 0.8 million).

These trends led to a positive result for the year, even if the profit is lower than the previous year: the Company's EBITDA - which recorded a reduction in absolute value of € 9.9 million - comes to 16.5% of the value of production (compared with 18.6% the previous year), demonstrating the Company's ability to react to adverse market conditions resulting from the spread of Covid-19, managing to make production factors more efficient - without renouncing new investments and initiatives aimed at confirming development plans - to maintain a satisfactory level of profitability compared with market trends.

Income taxes have decreased by about € 1.9 million with respect to the prior year (especially due to recognition of the full effect of the hyper-accelerated depreciation benefits linked to the investment in advanced technology made in prior years. Taking into account the decrease in volumes, this led to a negative taxable income for the year), contributing to a net income of € 9.2 million or 6.7% of the value of production (compared with € 12.6 million or 7.2% the previous year).

Key performance indicators

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

RATIO	FY 2021	FY 2020	% Change
R.O.E.	12.07%	19.94%	(39.48) %
R.O.I.	17.24%	28.51%	(39.50) %
R.O.S.	6.50%	8.18%	(20.56) %
R.O.A.	4.80 %	8.61 %	(44.25) %
EBIT AS REPORTED	9,139,780	14,463,995	(36.81) %

Information required by Art. 2428 of the Italian Civil Code

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

Main risks and uncertainties that the Company is exposed to

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

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

In particular, general economic conditions were affected at the end of the year - with continuation likely in the coming months - by the recessionary effects of the global spread of the Covid-19 pandemic including, in particular, those on the propensity to consume and on the functioning of production and distribution chains. Although in anticipation of the consolidation of an economic recovery supported by the spread of means to manage and contrast the pandemic (containment measures, dissemination of vaccination campaigns, support for economic recovery provided for by national and EU financing plans), the current and future economic situation is still affected by uncertainty about the effectiveness of the measures being introduced, a condition that will inevitably have repercussions on end-customers' propensity to consume and on the production chain.

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

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

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions).
Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

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

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

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

Credit Risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

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

Liquidity risks

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

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

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

Market risks

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

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).
Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

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

Key non-financial indicators

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

Information on the environment and safety

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

Work to monitor and maintain appropriate environmental protection standards in accordance with ISO 14001:2015 (Environmental management systems) and ISO 45001:2018 (occupational health and safety standard recognised and accepted around the world) continued during the year ended March 31st, 2021.

Employee training sessions covered the following topics, in compliance with the State-Regions agreement of December 2011:
- General and job-specific topics in relation to safety;
- Training and refresher courses for the emergency and first-aid team;
- Training and refresher courses for worker safety representatives (and training for all newly-hired employees);
- Training and refresher courses for drivers of lift trucks;
- Training in protective practices for personnel who operate machines that emit radio waves:
- Training in the management and safety in the use of equipment: flame burners, oxyacetylene torches, welding tools;
- PES-PAV training for workers operating on electrical installations;
- Training in the application of measures to contain the spread of Covid-19: updating of health and safety guidelines and protocols for business continuity.

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

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

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

Work on installations and the infrastructure include the following principal actions:

- *Lombardore plant (mechanical processing):*
  (a) Extension of emergency systems in a building used as a finished product warehouse.
  (b) Enhancement of the centralised air aspiration system of certain mechanical processing plants.

(c) Restoration of service platforms on workstations.
(d) Increased safety level of the compressed air system with the installation of appropriate overpressure safety valves in the compressor rooms.
(e) Installation of barriers to protect pedestrian passages and equipment located in the departments.

- *Chivasso plant (die casting):*
  (a) Installation of parapets on the perimeter of the roofs of buildings;
  (b) Interventions to further reduce exposure to noise in the die casting departments;
  (c) Subdivision of certain areas to improve the collection of fumes and reduce emissions;
  (d) Installation of more barriers to protect the pedestrian area;
  (e) Replacement of the melting furnaces with a new furnace with a higher capacity to make consumption and emissions more efficient.

- *Chivasso plant (mechanical processing):*
  (a) Installation of parapets on the perimeter of the roofs of buildings.
  (b) Installation of INDEVA intelligent industrial lifters and manipulators at the new processing lines.

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

In order to help contain the spread of the Covid-19 pandemic and ensure the continuity of production under safe conditions for personnel, the Endurance Group adopted a "Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace" in March 2020. This was prepared pursuant to the protocol agreed between the government and the social partners on 14 March 2020, as extended on 24 April 2020.

Briefly, the following main operating procedures have been envisaged (shared with employee representatives and with the company doctor at each site):
- provision of information to workers and third parties on arrival at production locations, containing necessary instructions for the protection of their health and safety;
- organisation of specific training sessions on correct behaviour in relation to maintaining sanitation conditions in the workplace;
- body temperature check on arrival at the Company and collection of declarations by employees and third parties confirming the absence of conditions that, by law, would restrict their movements or access to the premises;
- restriction of access to the premises by external persons (customers, suppliers, visitors etc.) to essential or urgent cases;
- introduction of specific procedures that minimise contacts with external personnel (drivers/transport operators at logistics firms);
- dissemination throughout the Company's premises of the Ministry of Health's recommendations for the containment of the risk of infection and of correct behaviour to mitigate the risk of contagion;
- incentive to maintain a safe distance (1m) at work, integrated by the use of personal protective equipment (masks) made available to all members of staff;
- measures to restrict numerical access to common areas (rest and eating areas, changing rooms);
- restriction of in-person meetings, with requirements to maintain social distancing of at least one metre and keep the rooms clean and ventilated;
- suspension/cancellation of all travel/business trips (unless absolutely essential);
- use of smart working whenever possible from an operational and technological standpoint;
- encouragement to use holiday time and paid leaves of absence, as supplemented by recourse to the social buffers due to the reduction or suspension of productive activities;
- increased frequency of cleaning and sanitisation activities and distribution/availability to personnel of detergents and sanitising gels; periodic deep sanitisation by specialists using products with greater cleansing power.

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

During the year the Company was inspected by the control bodies responsible for verifying implementation of the protocols for limiting the spread of the pandemic (which is also subject to validation by independent certification bodies).

No exceptions were found and suggestions for improvement were shared with the competent bodies and promptly implemented.

Information on personnel management

The Company has 428 employees at the end of FY 2020-2021, up by 27 over the previous year. The average workforce during the year was 412 persons.

The main training activities during the year ended March 31st, 2021 focused on Manufacturing, Technical/Maintenance services and Quality, with a view to upgrading general and specific skills in relation to the variables that drive the continuous improvement of production and corporate processes.

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

Manufacturing/production-related training:

- Development of knowledge and specific skills via classroom and OTJ training sessions covering the start-up of new lines and management of the related procedures. These activities were partly carried out in partnership with the suppliers of the mechanical processing plant and automation lines concerned. They covered, in particular:
    - Operational management of the automation and mechanical processing lines with external and on-the-job training to develop the specific skills of the specialised and operational staff and to train up people in new dedicated roles;
    - Self-maintenance of the die casting and processing plants, with the application of lean manufacturing approaches to the management of tools including, in particular, the "5S method";
    - On-the-job activities related to the improvement of production processes and verification of compliance of processed and semi-finished products;
    - Problem solving for the independent management of production issues, as part of the process of continuous improvement;
    - Continuous on-the-job training of production staff aimed at increasing awareness of the quality characteristics of the product, the requirements requested by customers and updating the specifications of the control charts.

Engineering/quality training:

- Internal quality: improvement, via OTJ training, in the internal management of the conformity variables of processed and semi-finished products, the various control methods and the quality system documentation;
- Forecasting, updating and verifying the quality system documentation through operational training;
- Skills certification: External training related to the certification of skills and approaches envisaged by customers and in particular:
    - AIAG and VDA - for updating FMEA documents ;
    - Participation in the "BMW Campus - Zero Defect Supply Chain" training sessions;
    - APQP and PPAP, methods and practical applications;
    - CQI 27 – Casting System Assessment;
    - Qualification of First and Second Party Auditors in accordance with the IATF 16949: 2016 Quality Management System;
- Planning of training for the development of technical and managerial skills, particularly:
    - CMM programming - Zeiss and CMM – Hexagon PC – Dimis;
    - Training in the use of the CMM - Tigo for the measurement of production components;
    - Electromechanical maintenance of GrobWerke equipment and plants;
    - Qualification of the personnel assigned to "non-destructive" checks;
    - Development of specific skills on complex technical drawings: analysis, interpretations, applications, rules and symbologies

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

The overall activities carried out (including those mentioned previously when talking about the environment and training) involved the Company's staff in a total of around 3,900 hours with training activities carried out internally, externally and on the job.

Research and development activities

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

With reference to the “Future Manufacturing Endurance” project launched in 2015/2016 for the introduction of the pilot line - currently validated as an implementation standard for subsequent investments - and completed operationally at the end of 2017/2018, during 2020/2021 the second level audit procedures by the verifying bodies of the Ministry of Economic Development were completed, with confirmation of that the expected grants would be awarded: the final authorisation is awaited for completion of the disbursements.
The total grant awarded amounted to a non-refundable € 433 thousand (of which 90% was received during the year), in addition to the disbursement of a subsidised loan for a total of € 3,006 thousand (also disbursed 90% during the year).
The process of amortising the costs related to this project was completed during the year (originally for an amount of € 2,677 thousand).

With reference to the other main special project that involved the Company during the year (industrial research project and experimental development for the industrialisation of innovative products in aluminium alloy (ICARO Project), as part of the Regional Operational Programme ERDF 2014/2020 - Action I.1b.1.1 - Call for tenders "IR2" Industrialisation of Research Results, which the Company takes part in as Project Manager of a partnership of 3 companies, it should be noted that the stages of completion of the research and development activities envisaged by the project have been registered and the costs incurred have been reported, followed by the recognition and disbursement of the related shares of grants or co-financing by the bodies concerned (Finpiemonte and Piedmont Region) for a total of € 106 thousand during the year ended March 31st, 2021 (based on costs pertaining to previous years, in relation to the validation times of the disbursing bodies).
With reference to this project, aimed in particular at the development of innovative die casting solutions (for the use of technologies such as vacuum and ways of improving production efficiency), completion of the activities is expected for the second half of 2021 (followed by a final report on the results).
The disbursing bodies are currently analysing the final balances of the costs incurred starting from the second half of 2019. The outcome of this analysis - in terms of recognition and disbursement of the grants - is expected in the next few months.

With regard to the new initiatives undertaken from 2019/2020, there is the Company's participation in two Important Projects of Common European Interest (IPCEI) for the development of new generation electric batteries, which was developed as part of the European Battery Alliance and approved by the European Commission at the end of 2019 and during the second half of 2020.
In the context of these initiatives (which involve numerous companies from the main European countries in a synergic way), Endurance is committed with multi-year projects with a time horizon up to 2028, within the related areas:

a) in developing cells and modules, in particular for applications in the automotive and traction sectors, through a project for the development of so-called battery housings, with the use of secondary aluminium alloys, particularly attractive in relation to the reduced impact of the carbon footprint and
b) in developing battery swapping systems, linked to the reuse of batteries (with the aim of optimising the life cycle of electric traction systems).

Currently the projects are in an initial phase of research and planning of investments, pending the completion by the Italian Ministries of the implementing decrees of the concession, preparatory to the start of the reporting activities.
Lastly, during the year, the Company took part in the drafting of the contribution for participation in the "Salema" project (in the context of the HORIZON 2020 project model) in the context of which, in collaboration with European companies and OEMs (Stellantis/FORD), new alloys with a low CRM (Critical Raw Materials) content will be developed. It should be noted that the project saw the completion of the approval process by the European Union in April 2021 and was formally launched at the start of May.

In addition to the main projects described above, corporate departments have also progressed other product and process development activities, which have pursued the following main directions:

- The principal activities carried out in the mechanical processing area included:
  - Design and implementation of innovative technical solutions for the automated control of critical product characteristics (e.g. vision system on ACT).
  - Co-design activities completed with strategic customers (BMW, AUDI) in the stages of defining the most recently acquired products;

  - Concept design activities carried out for EV platform components. In particular, planned activities completed as part of one of the "IPCEI" projects described above;
  - Installation and start-up of the automated processing line for the GSE engine block for the customer Teksid;
  - Continuation of feasibility studies regarding the recovery and reconversion of workstations for the re-engineering of new production, including analysis for a supplementary review of plant layout changes that rationalise activities ahead of the introduction of additional production capacity to service the new contracts;

  To support the acquisition of new products with the preparation of estimates and detailed Technical Reviews, as well as the completion of the first estimates for particular battery housings for application on EV engines..

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

- The principal projects in the die casting area included:
  - Development of preliminary feasibility studies, equipment lay-out, detailed analysis of demoulding, filling and solidification simulation, definition of excess metal ("stock") by consolidating existing methodologies;
  - Preparation of technical reviews;
  - With regard to the traceability of the raw part, specifications have been defined for marking on a die-casting island for components to be blasted with Zn/Al.
  - The preparation of databases referring to materials with characteristics of primary alloys and to the process specifications for the production of components with a large printed surface (in particular for applications on battery housing) has been completed.
  - Comparative analysis of virtual process simulation results and CTSCAN/X-ray surveys has been commenced;
  - Solutions to improve the quality of the raw materials have been defined, tested and launched into production, with the introduction of:
    - localized squeeze technology;
    - jet cooling for blocks; and
    - inserts in additive manufacturing.

Working together with affiliates and third-party partners, die casting equipment was designed and made for new products, with related sample production at various customer sites, especially FCA/Stellantis. Industrialisation activities were also started/completed for the products indicated above; this involved further components for all the main customers of the Company.

In addition, feasibility studies continued to develop technological integration projects within the Endurance Group, both in relation to the ultimate parent company, Endurance Technologies (India), and with the other subsidiaries (in particular the coordination of development activities with Endurance Castings S.p.A. in relation to structural integration of the supply chain).

Pursuant and consequent to point 1, para 3 of art. 2428 of the Italian Civil Code, we certify - with reference to the described R&D activities applied to products and the production process - that costs totalling about € 1.5 million were recorded during the year (capitalised under intangible fixed assets), as regards in particular:

- the payroll costs of the technical and production support personnel involved during the year in product and process development work (totalling about € 1.2 million, referring both to the specific projects subject to grants/co-financing as described, and to the development activity carried out by the technical departments in relation to the new products developed for the market);
- costs for the purchase of materials and equipment dedicated to development projects, depreciation of dedicated plant and machinery, specific consultancy costs, for a total of € 0.3 million - already partially subject to specific reporting, up to 31 December 2020, on the funded projects described above.

With reference to the various R&D activities mentioned, the Company has benefited from the tax credits envisaged pursuant to art. 1.70.d) of Law 145/2018 (2019 Budget Law). During the year, the Company recorded income relating to this situation (in relation to the costs incurred in 2019/2020 and subject to specific certification in the year under review) of € 442 thousand (to which the economic impact relating to costs validated in previous years must be added, recognised in relation to the depreciation process, for a further € 235 thousand).

Transactions with subsidiaries, associates, parent companies and fellow subsidiaries

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.
As required by OIC 12.130 and art. 2427, para. 1, point 22-bis of the Italian Civil Code, it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates classified as fixed assets

Description	March 31st, 2021	March 31st, 2020	Change
from parent companies	3,000,000	3,000,000	-
Total	*3,000,000*	*3,000,000*	-

The amounts receivable from parent companies that are classified as financial fixed assets at March 31st, 2021 relate to the loan granted to Endurance Overseas S.r.l. by Endurance S.p.A. in prior years.

Receivables from affiliates classified as current assets

Description	March 31st, 2021	March 31st, 2020	Change
from parent companies	3,427,953	3,736,198	308,245-
from fellow subsidiaries	588,254	54,295	533,959
Total	*4,016,207*	*3,790,493*	*225,714*

The amounts receivable from the parent company (€ 3,427,953) comprise guarantee deposits of € 639,000, trade receivables of € 61,359 and the credit due for the excess advance IRES paid with respect to the actual tax liability, in application of the group tax arrangements pursuant to arts. 117-129 of the Consolidated Income Tax Act.

The amounts due from fellow subsidiaries comprise trade receivables due from Endurance Castings S.p.A. (€ 183,000) and Endurance Engineering S.r.l. (€ 1,492) both direct subsidiaries of Endurance Overseas S.r.l., and from Endurance Amman (€ 403,762), a subsidiary of the indirect parent company Endurance Technologies Limited (India).

Description	March 31st, 2021	March 31st, 2020	Change
treasury management assets	19,749,994	15,727,153	4,022,841
Total	*19,749,994*	*15,727,153*	*4,022,841*

This balance represents the amounts due from Endurance Overseas S.r.l. under the agreed cash pooling arrangements managed by it.

Payables to and loans from affiliates

Description	March 31st, 2021	March 31st, 2020	Change
due to parent companies	725,266	1,542,458	817,192-
payables due to fellow subsidiaries	2,741,708	2,480,420	261,288
Total	*3,466,974*	*4,022,878*	*555,904-*

Payables due to parent companies total € 725,266 and mainly relate to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

Payables to fellow subsidiaries (€ 2,741,708 at March 31st, 2021) include trade payables due to Endurance Castings S.p.A. (€ 2,592,218) Endurance Engineering s.r.l. (€ 1,638), which are both direct subsidiaries of Endurance Overseas S.r.l. and Endurance Ammann (€ 147,852), a subsidiary of the indirect parent company Endurance Technologies Limited (India).

Treasury shares

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

Shares/quotas in the parent company

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

Business outlook

The year just ended was heavily influenced by the effects that the restrictions and the Covid 19 pandemic had on people's living conditions and therefore on the general market situation and on the Company's activities.

The steady implementation of the vaccination plan should, even in Europe, result in a gradual improvement in the epidemiological picture, due to the achievement of herd immunity, as shown by the contagion trends in those countries with greater access to vaccine doses, especially for the categories most at risk.

The exceptional action plans announced by many countries, now at the approval stage by the respective bodies, should improve the macroeconomic outlook even further, with positive effects on employment and, consequently, on consumption and GDP. Based on these expectations, the global economy should grow according to OECD estimates by 5.6% in 2021 and 4.0% in 2022, with the Euro area contributing +3.9% in 2021 and +3.8% in 2022.

The more favourable external prospects should therefore lead to an improvement in the demand for motor vehicles with a positive effect on the value of the output expected for the Group.

The operating conditions will in any case remain very demanding due to the organisational complexities caused by prudent management of the risks deriving from Covid 19, which we will still have to contend with, albeit in situation that is expected to gradually improve.

While remaining optimistic, it is appropriate to remember the risk of an upsurge in contagion that might result from the appearance of virus variants capable of circumventing the effects of the vaccines. Additionally, economic overheating might derive from excessive monetary and governmental incentives, with the creation of inflation and a rise in the interest rate curves in financial markets.

The resources available will also make it possible to face without difficulty, and certainly for the next 12 months, any procrastination of the most adverse conditions that may continue or reappear due to the health emergency. At time of preparing these financial statements, the Company has not made recourse to moratoria or deferrals for the payment of its obligations.

The scheduled investment programmes will continue based on customers requirements, however looking for more flexible solutions that can be used in the future, given the uncertainties currently present in the sector.

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

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

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

Secondary locations

In compliance with the provisions of art. 2428 of the Italian Civil Code, it should be noted that at March 31st, 2021, the Company has confirmed Via Regione Pozzo 26, Chivasso (TO) as its head office, as well as the following secondary offices:

Address	Location
VIA DEL BOSCHETTO 2/39	LOMBARDORE
VIA F.LLI BONAUDO 7	CHIVASSO
VIA F.LLI BONAUDO 11	CHIVASSO
VIA F.LLI BONAUDO SNC	CHIVASSO
VIA MORANDI 9	GRUGLIASCO

Conclusion

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements at March 31st, 2021 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Chivasso, May 14th 2021

For the Board of Directors

The Managing Director

Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE SPA
Registered office:	VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Share capital:	5,000,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	01782370017
Tax code:	01782370017
REA Number:	518048
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	256200
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended March 31st, 2021

Balance sheet

	March 31st, 2021	March 31st, 2020
Assets		
B) Fixed assets		
I - Intangible assets	-	-
2) development costs	1,440,885	401,506
3) industrial patent rights and intellectual property rights	64,065	108,655
7) other	292,245	322,099
Total intangible assets	*1,797,195*	*832,260*
II - Tangible fixed assets	-	-
1) land and buildings	6,317,619	7,410,262
2) plant and machinery	58,161,148	52,027,771
3) industrial and commercial equipment	921,535	1,446,891
4) other assets	298,554	351,175
5) assets in process of formation and advance payments	3,112,666	1,324,428
Total tangible fixed assets	*68,811,522*	*62,560,527*

	March 31st, 2021	March 31st, 2020
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	284	284
Total equity investments	*284*	*284*
2) receivables	-	-
c) from parent companies	3,000,000	3,000,000
due within one year	3,000,000	3,000,000
Total receivables	*3,000,000*	*3,000,000*
Total financial fixed assets	*3,000,284*	*3,000,284*
Total fixed assets (B)	*73,609,001*	*66,393,071*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	5,939,846	6,128,258
2) work in process and semi-finished products	7,044,668	8,203,513
4) finished products and goods	6,186,783	7,135,736
5) advances	16,631	24,771
Total inventories	*19,187,928*	*21,492,278*
II - Receivables	-	-
1) from customers	15,563,867	13,978,500
due within one year	15,563,867	13,978,500
4) from parent companies	3,427,953	3,736,198
due within one year	2,788,953	3,097,198
due beyond one year	639,000	639,000
5) from fellow subsidiaries	588,254	54,295
due within one year	588,254	54,295
5-bis) tax receivables	1,269,519	1,599,061
due within one year	1,269,519	1,599,061
5-ter) deferred tax assets	5,062,029	4,205,005
5-quater) from others	521,376	359,420
due within one year	521,376	359,420
Total receivables	*26,432,998*	*23,932,479*
III - Current financial assets	-	-
6) other securities	27,010,450	14,297,153
treasury management assets	19,749,994	15,727,153
Total current financial assets	*46,760,444*	*30,024,306*

	March 31st, 2021	March 31st, 2020
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	22,460,107	23,030,603
3) cash on hand	3,066	3,625
Total cash and cash equivalents	*22,463,173*	*23,034,228*
Total current assets (C)	*114,844,543*	*98,483,291*
D) Prepaid expenses and accrued income	**580,290**	**335,897**
Total assets	*189,033,834*	*165,212,259*
Liabilities and equity		
A) Quotaholders' equity	**76,212,723**	**63,377,799**
I - Quota capital	5,000,000	5,000,000
III - Revaluation reserves	11,118,617	2,481,666
IV - Legal reserve	1,000,000	1,000,000
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	4,962,658	4,962,658
Other reserves	21,900,492	21,900,492
Total other reserves	*26,863,150*	*26,863,150*
VIII - Retained earnings (accumulated losses)	23,032,983	15,393,620
IX - Net income (loss) for the year	9,197,973	12,639,363
Total equity	76,212,723	63,377,799
B) Provision for risks and charges		
3) derivative financial instruments	50,371	18,748
4) Other	1,421,828	3,921,828
Total provisions for risks and charges	*1,472,199*	*3,940,576*
C) Employee termination indemnities	**2,045,988**	**1,878,585**
D) Payables		
4) due to banks	45,621,756	39,577,247
due within one year	14,911,463	14,164,821
due beyond one year	30,710,293	25,412,426
7) trade payables	52,837,106	44,526,765
due within one year	52,837,106	44,526,765
11) payables due to parent companies	725,266	1,542,458
due within one year	725,266	1,542,458
11-bis) due to fellow subsidiaries	2,741,708	2,480,420
due within one year	2,741,708	2,480,420
12) taxation payable	524,927	240,516

	March 31st, 2021	March 31st, 2020
due within one year	524,927	240,516
13) due to pension and social security institutions	1,634,390	1,508,915
due within one year	1,634,390	1,508,915
14) other payables	4,876,985	5,298,111
due within one year	4,876,985	5,241,861
due beyond one year	-	56,250
Total payables	*108,962,138*	*95,174,432*
E) Accrued expenses and deferred income	**340,786**	**840,867**
Total liabilities and quotaholders' equity	*189,033,834*	*165,212,259*

Income statement

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Value of production		
1) revenues from sales of goods and services	135,072,609	170,531,147
2) change in inventories of work in progress, semi-finished and finished products	(2,112,965)	1,180,719
4) increases in non-current assets from in-house production	1,541,197	141,015
5) other income and revenues	-	-
operating grants	1,493,246	1,433,710
other	1,569,554	1,840,259
Total other income and revenues	*3,062,800*	*3,273,969*
Total value of production	*137,563,641*	*175,126,850*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	59,446,771	79,173,166
7) services	24,826,737	32,194,123
8) lease and rental charges	4,811,885	4,735,467
9) payroll	-	-
a) wages and salaries	18,521,197	18,807,830
b) social contributions	4,889,987	5,172,181
c) termination indemnities	830,008	813,303
e) other costs	367,263	354,181
Total payroll costs	*24,608,455*	*25,147,495*
10) depreciation, amortisation and writedowns	-	-

	Year ended March 31st, 2021	Year ended March 31st, 2020
a) amortisation of intangible fixed assets	722,667	1,299,098
b) depreciation of tangible fixed assets	12,892,164	17,060,166
Total depreciation, amortisation and writedowns	*13,614,831*	*18,359,264*
11) change in inventory of raw and ancillary materials, consumables and goods	183,245	(486,376)
14) other operating expenses	999,121	1,780,499
Total cost of production	*128,491,045*	*160,903,638*
Difference between production value and cost (A - B)	**9,072,596**	**14,223,212**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
from parent companies	61,221	63,754
other	138,013	127,787
Total income other than the above	*199,234*	*191,541*
Total other financial income	*199,234*	*191,541*
17) interest and other financial charges	-	-
other	450,967	399,843
Total interest and other financial charges	*450,967*	*399,843*
17-bis) exchange gains and losses	1,493	88,364
Total financial income and charges (15+16-17+-17-bis)	*(250,240)*	*(119,938)*
D) Adjustments to financial assets and liabilities		
19) writedowns	-	-
c) current financial assets excluding equity investments	101,920	27,922
d) of financial derivatives	31,623	11,200
Total writedowns	*133,543*	*39,122*
Total adjustments to financial assets and liabilities (18-19)	*(133,543)*	*(39,122)*
Result before taxes (A-B+-C+-D)	**8,688,813**	**14,064,152**
20) Income taxes for the year, current and deferred		
current taxation	347,864	1,982,811
deferred taxation	(857,024)	(558,022)
Total income taxes for the year, current and deferred	*(509,160)*	*1,424,789*
21) Net income (loss) for the year	**9,197,973**	**12,639,363**

Statement of cash flow (indirect method)

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	9,197,973	12,639,363
Taxation	(509,160)	1,424,789
Interest expense/(interest income)	250,240	119,938
(Gains)/losses from disposal of assets	(279,558)	(1,054)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*8,659,495*	*14,183,036*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	885	1,234
Depreciation and amortisation of fixed assets	13,614,831	18,359,264
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	133,543	39,122
Total adjustments for non-cash items that had no contra-entry in net working capital	*13,749,259*	*18,399,620*
2) Cash flow before changes in net working capital	*22,408,754*	*32,582,656*
Change in net working capital		
Decrease/(Increase) in inventory	2,304,350	(1,668,272)
Decrease/(Increase) in trade receivables	(2,101,887)	4,062,184
Increase/(Decrease) in trade payables	7,754,437	(8,696,900)
Decrease/(Increase) in prepaid expenses and accrued income	(244,393)	339,808
Increase/(Decrease) in accrued expenses and deferred income	(499,816)	(618,246)
Other decreases/(Other Increases) in net working capital	227,738	484,303
Total changes in net working capital	*7,440,429*	*(6,097,123)*
3) Cash flow after changes in net working capital	*29,849,183*	*26,485,533*
Other adjustments		
Interest collected/(paid)	(250,505)	(112,276)
(Income taxes paid)	(398,490)	(4,631,420)
(Use of provisions)	(2,333,482)	41,537
Total other adjustments	*(2,982,477)*	*(4,702,159)*
Cash flow from operating activities (A)	***26,866,706***	***21,783,374***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(11,368,296)	(18,075,728)
Disposals	1,399,086	1,220,938
Intangible assets		

	Year ended March 31st, 2021	Year ended March 31st, 2020
(Investments)	(1,675,002)	(128,669)
Current financial assets		
(Investments)	(12,815,217)	(14,325,075)
Cash flow from investing activities (B)	***(24,459,429)***	***(31,308,534)***
C) Cash flows from financing activities		
Third-party funds		
Increase/(Decrease) in current bank loans	(4,022,841)	(3,268,847)
New loans	22,672,989	14,957,500
(Repayment of loans)	(16,628,480)	(13,782,145)
Own funds		
(Dividends and interim dividends paid)	(5,000,000)	(4,000,000)
Cash flow from financing activities (C)	***(2,978,332)***	***(6,093,492)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(571,055)***	***(15,618,652)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	23,030,603	38,649,716
Cash on hand	3,625	3,164
Total cash and cash equivalents at the beginning of the year	23,034,228	38,652,880
Cash and cash equivalents at the end of the year		
Bank and postal deposits	22,460,107	23,030,603
Cash on hand	3,066	3,625
Total cash and cash equivalents at the end of the year	22,463,173	23,034,228

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Note that the item "Increase (decrease) in short-term due to banks" includes the change in the positive balance of the cash pooling accounts managed by Endurance Overseas S.r.l. (with a total increase of € 4,022,841 during the year).

Explanatory notes, first part

To the Shareholder,
These explanatory notes are an integral part of the financial statements for the year ended March 31st, 2021.

The financial statements submitted for your approval show net income of € 12,639,363, after current and deferred taxes that give a positive balance of € 509,160 and depreciation and amortisation of € 13,614,831.

Basis of preparation

Form and content of the financial statements

The financial statements at March 31st, 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

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

The pandemic emergency caused by the spread of the Covid-19 virus continued during the year, affecting the economic performance of the global economy and forcing the Company and its subsidiaries to restrict and, at times, suspend activities in accordance with measures adopted by the authorities that were particularly strict during the first quarter of the financial year. These measures also affected the registration of new vehicles and therefore demand for the goods and services provided by the Company.

Recent government measures and those due to be introduced, together with the steady progress made on implementing the vaccination plan, provide encouragement that an upturn will occur, although this is not imminent.

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

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

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

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. The financial statements have been prepared on a consistent basis with the accounting policies applied the previous year.

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

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

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

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

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

Basis of preparation

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

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

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to art. 2423 ter of the Civil Code, we can confirm that all financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

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

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

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

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

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

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Development costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Concessions, licences, trademarks and similar rights	10 years on a straight line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis or duration of the underlying contracts

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

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

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

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

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

Tangible fixed assets

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

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

Tangible fixed assets are depreciated systematically each year. The rates applied are summarized in the following table:

Tangible fixed asset items	Depreciation rate
Industrial buildings	3.00%
Light constructions	10.00%
General plant	10.00%
Specific machinery / Automatic machines	10.00%
Furnaces and appurtenances	15.00%
Dies and shears	20.00%
Sundry and minor equipment	25.00%
Mechanical equipment	40.00%
Foundry equipment	40.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	12.00%
Motor cars	25.00%
Vehicles and lifting equipment	20.00%
Assets costing less than € 516.46	100.00%

It should be noted that, in application of OIC 16, in the current year, the useful life of certain tangible fixed assets (specific machinery/automatic operating machines and ovens and appliances) has been reviewed on the basis of the effective use of the assets in consideration of the production processes applied: consequently, the depreciation rates were aligned with the revised estimated useful life of the various types of assets (from 15.5%, 17.5% and 15% respectively to 10%).

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

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

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

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

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

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

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

It should also be noted that during the year the Company made use of the option provided for by article 110 of Legislative Decree no. 104, (the so-called 'August Decree'), converted into Law no. 126 of October 13th, 2020 (Official Gazette October 13th, 2020, no. 253, Ord. Suppl. no. 37), regarding the revaluation of business assets, the effect of which is highlighted in the specific section of the notes to which reference should be made for further detail.

Impairment (intangible assets and tangible fixed assets)

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

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

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

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

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

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

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

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

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

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

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

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

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

Receivables

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

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

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

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

Receivables in the form of RiBa's (bank collection notices) that have not been assigned remain classified as receivables until final collection of the amounts concerned.

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

Equity investments and securities not held as fixed assets

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

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

Cash and cash equivalents

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

Accruals and deferrals

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

Provisions for risks and charges

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

Employee termination indemnities

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

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

Payables

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

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

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

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

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

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

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

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

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

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

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

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

Revenues

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

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

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

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

Costs

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

Dividends

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

Financial income and charges

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

Taxation

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

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

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

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

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

As in the past, the Company continues to be a member of the Endurance domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.) and the renewed contract with the parent company covering the financial year ended on March 31st, 2020.

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

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

Translation of foreign currency items

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

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

Other information

Repurchase agreements

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

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 1,797,195 at March 31st, 2021, after charging amortisation of € 722,667 to the income statement. They are analysed in detail below.

"Development costs" include the capitalisation of costs incurred during the year in relation to the activities carried on by the Company for the development of new products and the implementation of improvements and innovative processes, carried out in the context of the activities of the technical and industrialisation offices, also in the context of research and development projects in which the Company participates.

Industrial patent rights and intellectual property rights mainly include the residual value of software used for business activities.

Other intangible assets mainly include the non-separable leasehold improvements made to the production facilities at the Chivasso and Lombardore factories, which are used by the Company under rental contracts with Endurance Overseas S.r.l., and the work performed on plant and machinery held by the Company under finance lease contracts. These assets are amortised over their estimated technical useful lives or, if shorter, over the residual duration of the respective rental/lease contracts.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. Considering the accelerated receipt of the benefits linked to the capitalisation of development costs, the Company has reduced the expected useful lives of those intangible assets to reflect the revised estimate of the related residual benefits based on the latest information available when preparing the financial statements (with consequent impact on the amortisation charge for the year).

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Development costs	industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Carrying value at the beginning of the year					
Cost	2,676,708	647,360	1,626,472	4,340,971	9,291,511
Depreciation (Accumulated depreciation)	2,275,202	538,705	1,260,516	4,018,872	8,093,295
Writedowns	-	-	365,956	-	365,956
Carrying amount	401,506	108,655	-	322,099	832,260
Changes during the year					
Additions	1,541,197	1,410	-	132,395	1,675,002
Reclassifications (of the carrying amount)	-	-	-	(12,600)	(12,600)
Depreciation for the year	501,818	46,000	-	174,849	722,667
Total changes	*1,039,379*	*(44,590)*	-	*(55,054)*	*939,735*
Carrying value at the end of the year					
Cost	4,217,905	648,770	1,626,472	4,487,366	10,980,513
Depreciation (Accumulated depreciation)	2,777,020	584,705	1,260,516	4,195,121	8,817,362
Writedowns	-	-	365,956	-	365,956
Carrying amount	1,440,885	64,065	-	292,245	1,797,195

The increases recorded during the year mainly refer to development costs incurred with a view to acquiring knowledge and skills for the development of new products and the efficiency of production lines: the costs subject to capitalisation mainly refer to personnel costs (€ 1.2 million) and depreciation of tangible assets used in the business (€ 0.3 million).

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Tangible fixed assets, gross of the accumulated depreciation at March 31st, 2021, amounted to € 174,225,483, including the effects of revaluations for € 4,364,902 (of which € 3,919,290, carried out during the year pursuant to Law 126/2020) and write-downs for € 64,000 made in previous years. Accumulated depreciation amounts to € 105,416,961, including the effect - a reduction of the provision at March 31st, 2021 - of the revaluation pursuant to Law 126/2020 (for € 4,984,783) and depreciation for the year of € 12,892,164.

This revaluation pursuant to Law 126/2020 was carried out after charging the depreciation for 2020/2021, by applying to the various assets concerned the different methods provided for by the law (proportional revaluation of the historical cost and accumulated depreciation, of the historical cost only or reduction of the accumulated depreciation), applied considering the limit of the current value, as well as the limits of replacement cost in the case of the first two methods.

The operation entailed the recognition of a capital gain in plant and machinery for a total of € 8,904,073, recorded on the basis of the valuation carried out by independent experts, the effects of which were also recognised for tax purposes by applying the flat-rate substitute tax (€ 267,122, recorded under liabilities), with a consequent effect on shareholders' equity of € 8,363,951.

Particularly significant are the categories of land and buildings (for a net value of € 6,317,619 at March 31st, 2021), which includes the net book value of the properties owned by the Grugliasco (TO) and Chivasso (TO) plants, as well as that of plant and machinery (recorded in the financial statements for a net book value of € 58,161,148 at March 31st, 2021), used in the Company's production activities.

"Assets under construction and advance payments" (€ 3,112,666 at March 31st, 2021) comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but not yet approved for inclusion in the production cycle.

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Carrying value at the beginning of the year						
Cost	8,682,482	132,022,715	18,052,723	1,950,589	1,324,428	162,032,937
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	1,272,220	80,369,356	16,605,832	1,606,614	-	99,854,022
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	7,410,262	52,027,771	1,446,891	351,175	1,324,428	62,560,527
Changes during the year						
Additions	-	7,867,835	470,964	61,666	2,967,831	11,368,296
Reclassifications (of the carrying amount)	1,400	1,165,593	-	-	(1,179,593)	(12,600)
Disposals (at carrying amount)	15,067	941,039	160,504	-	-	1,116,610
Revaluations during the year	-	8,904,073	-	-	-	8,904,073
Depreciation for the year	1,078,976	10,863,085	835,816	114,287	-	12,892,164
Total changes	*(1,092,643)*	*6,133,377*	*(525,356)*	*(52,621)*	*1,788,238*	*6,250,995*
Carrying value at the end of the year						
Cost	8,659,043	137,803,419	18,354,786	1,994,666	3,112,666	169,924,580
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	2,341,424	88,920,756	17,433,251	1,703,312	-	110,398,743
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	6,317,619	58,161,148	921,535	298,554	3,112,666	68,811,522

The changes that took place during the year, in addition to the revaluation, concern investments totalling € 11.4 million, mainly relating, with reference to the die-casting production facilities, to the costs incurred for installation of the plants transferred from the Grugliasco plant to Chivasso and, as regards the mechanical processing sector, to the increases in production capacity relating to projects for Teksid, Volkswagen and FCA.

With specific reference to the evidence for losses attributable to the healthcare emergency and in response to the Group, the company carried out a careful analysis of the cash flows forecast on the basis of current information and concluded that the value of fixed assets at March 31st, 2021 will be recoverable from future cash flows.

Finance leases

The law requires financial leases to be presented in a particular way, the so-called "patrimonial method", whereby lease instalments for the year are charged to the income statement (€ 1,068,244 in 2020/2021).

The tables which follow provide the information required by law in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases according to IFRS, under which the lessee would record the interest on the capital and depreciation on the asset, with the leased asset shown as a fixed asset, at the same time recognising the lease liability for the principal portion of the residual instalments still to be paid. Had the Company adopted the above finance lease methodology, the accounting effects would have been as follows:

	Effects on Shareholder's Equity - Assets		
a)	**Outstanding contracts**		
a.1)	Assets held under finance leases at the end of the previous year		1,950,535
	- of which the gross amount	6,874,890	
	- of which accumulated depreciation	(4,924,355)	
a.2)	Assets acquired under finance leases during the year		-
a.3)	Assets held under finance leases redeemed during the year (net carrying amount upon redemption)		(55,796)
a.4)	Depreciation charge for the year		1,155,298
a.5)	Writedowns/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		739,441
	- of which the gross amount	6,103,890	
	- of which accumulated depreciation	(5,364,449)	
a.7)	Prepaid instalment interest at the end of the year		
a.8)	Curtailment of prepaid expenses under the balance sheet method		(76,832)
b)	**Redeemed assets**		
b.1)	Higher/lower total value of redeemed assets, determined using finance lease methodology, with respect to their carrying amounts at year end		(602,695)
	TOTAL [a.6+(a.7-a.8)+b.1]		**59,914**

	Effects on Shareholder's Equity - Liabilities		
c)	Implicit payables		
c.1)	Implicit payables for finance leases at the end of the previous year		2,347,028
	- of which due within one year	1,040,297	
	- of which due beyond one and within 5 years	1,306,731	
	- of which due beyond 5 years	-	
c.2)	Implicit payables that arose during the year		
c.3)	Repayment of principal and redemptions during the year		(832,136)
c.4)	Implicit liabilities for finance leases at year-end		1,306,731
	- of which due within one year	774,772	
	- of which due beyond one and within 5 years	531,959	
	- of which due beyond 5 years	-	
c.5)	Accrued instalment interest at the end of the year		-
c.6)	Curtailment of accrued expenses under the balance sheet method		-
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**		**(1,246,817)**
e)	Tax effect		347,862
f)	**Effect on Shareholder's Equity at the end of the year (d-e)**		**(898,955)**

	Effects on the Income Statement	
g)	**Effect on income before taxes (lower/higher costs) (g.1+g.2+g.3+g.4+g.5)**	1,068,244
g.1)	Reversal of instalments on finance lease transactions	(3,299)
g.2)	Recognition of financial charges on finance lease transactions	(984,232)
g.3)	Recognition of depreciation charges on outstanding contracts	(144,829)
g.4)	Recognition of depreciation charges on redeemed assets	-
g.5)	Recognition of adjustments/write-backs on leased assets	17,888
h)	**Recognition of the tax effect**	**(46,228)**
i)	**Net effect on the result for the year of accounting for lease transactions with the finance lease method rather than the balance sheet method actually used (g-h)**	1,068,244

The value of future lease instalments under outstanding lease contracts totals € 1,335,935 at March 31st, 2021.

Financial fixed assets

Financial fixed assets total € 3,000,284 at March 31st, 2021 and comprise equity investments, € 284, and amounts due from parent companies, € 3,000,000.

Equity investments comprise:

- € 129 representing shares held in Unionfidi Piemonte S.C.;
- € 155 representing shares held in Confartigianato Fidi Piemonte e Nord Ovest S.C.p.A.

Movements in equity investments, other securities and non-current derivative financial instruments

Non-current financial receivables remained unchanged with respect to last year and represent the residual balance (€ 3,000,000) of the loan granted to Endurance Overseas S.r.l. in prior years, which earns interest at market rates. The Company does not apply the amortised cost method to measure this loan, as the contract was arranged prior to 1 April 2016 and because the effect would be insignificant given the immateriality of the transaction costs and the application of market interest rates.

Current assets

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

Inventories

Inventories amount to € 19,187,928 at March 31st, 2021 and are stated net of an allowance for obsolete and slow-moving items totalling € 3,075,977.

Inventories are analysed by type in the following table:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	6,128,258	(188,412)	5,939,846
Work in process and semi-finished products	8,203,513	(1,158,845)	7,044,668
Finished products and goods	7,135,736	(948,953)	6,186,783
Advances	24,771	(8,140)	16,631
Total	*21,492,278*	*(2,304,350)*	*19,187,928*

The decrease recorded with respect to the previous year is mainly related to the increase in the company's business volumes, which returned to pre-pandemic levels during the year, taking into account that the last weeks of the previous year were impacted by the forced interruption of production activities as a result of the lockdown.

The market value of inventories has not fallen below their individual carrying amounts as a result of Covid-19 or the cancellation of sales orders.

Current receivables

They total € 26,432,998 at March 31st, 2021. They are stated at their estimated realisable value, as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	13,978,500	1,585,367	15,563,867	15,563,867	-
Receivables due from parent companies	3,736,198	(308,245)	3,427,953	2,788,953	639,000
Receivables due from fellow subsidiaries	54,295	533,959	588,254	588,254	-
Tax receivables	1,599,061	(329,542)	1,269,519	1,269,519	-
Deferred tax asset	4,205,005	857,024	5,062,029	-	-
Other receivables	359,420	161,956	521,376	521,376	-
Total	**23,932,479**	**2,500,519**	**26,432,998**	**20,731,969**	**639,000**

Trade receivables (€ 15,554,808 al March 31st, 2021) increased over the year by € 1,576,308. This was due to an overall increase in volumes in the last months of the current year compared with the corresponding period of last year, which saw a slowdown linked to the spread of the Covid-19 pandemic. Trade receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts of € 571,757, which did not change during the year.

With specific reference to the current healthcare emergency, it is confirmed that there are no particular credit collection issues.

Receivables due from the parent company (€ 3,437,012) include the portion due beyond 12 months of € 639,000 and refer to guarantee deposits. The difference comprises the trade receivables due from Endurance Overseas S.r.l. (€ 70,418) and the credit of € 2,727,594 for excess income tax advances paid to the parent company during the year under the group tax election made pursuant to arts. 117 - 129 of the Consolidated Income Tax Act.

Receivables due from fellow subsidiaries comprise trade receivables due from Endurance Castings S.p.A. (€ 183,000) Endurance Engineering S.r.l. (€ 1,492), both direct subsidiaries of Endurance Overseas S.r.l. and from Endurance Amann GmbH (€ 403,762), a subsidiary of the indirect parent company Endurance Technologies Limited.

The tax receivables are due from the Italian tax authorities and mainly comprise VAT credits (€ 493,103) and excess IRAP advances (€ 176,714), the tax credit that can be used in five annual instalments for the new capital goods purchased during the year pursuant to Art. 1, para. 184-197, of Law 160/2019 (€ 146,953), the tax credit for R&D activities pursuant to art. 1, para. 35, Law 190 of 23 December 2014 (€ 442,248) and other tax credits for the difference. All tax credits are due from the Italian Tax Authorities.

Deferred tax assets at March 31st, 2021 amount to € 5,062,029 and mainly relate to differences between the carrying amount of goodwill for statutory and tax purposes, as well as to the deferred deductibility of risk provisions and the different depreciation periods applied to fixed assets for tax purposes with respect to their estimated useful lives. The figure also includes the tax loss recorded during the year. This was partly due to the reduction in business volumes to the pandemic, and partly to the deduction for tax purposes of the benefit due on the super-and hyper-accelerated depreciation on capital goods bought in previous years. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts.

Other receivables (€ 521,376 al March 31st, 2021) include advances to employees (€ 83,934) for the government-assisted lay-off pay, guarantee deposits paid to suppliers (€ 7,813) and various other amounts due.

Breakdown of current receivables by geographical area

It has not been deemed meaningful to provide a breakdown of receivables by geographical area, on account of the nature of the customers, which are multinationals operating in the automotive industry with legal entities and plants located in various countries. As regards the geographical distribution of the Company's business, please refer to what is stated in relation to sales revenues.

Current financial assets

Movements in current financial assets

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

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Other securities	14,297,153	12,713,297	27,010,450
Treasury management assets	15,727,153	4,022,841	19,749,994
Total	*30,024,306*	*16,736,138*	*46,760,444*

Other securities comprise short-term investments held by the Company in order to employ available liquidity: in particular, the balance includes insurance policies and units in funds that primarily invest in insurance products (totalling € 8,000,000), European and US bonds (€ 5,406,051), units in funds that invest in secured promissory notes and units in alternative multi-sector investment funds that focus on asset management (€ 5,604,399). These instruments, acquired during the year, have been written down by € 142,341 at the reporting date to reflect their lower current value with respect to their specific cost. In accordance with the applicable accounting standards, no unrealised gains on these instruments have been recognised.

Pursuant to art. 2423-ter, para. 3, of the Italian Civil Code and after checking the short-term recoverability of treasury management assets pursuant to OIC 14, the Company has classified the related amount due from Endurance Overseas S.r.l. (increased during the year by € 4,022,841), which administers the treasury activities of the Group, in asset caption C.3.7) within “Current financial assets”.

Cash and cash equivalents

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
bank and postal deposits	23,030,603	(570,496)	22,460,107
cash on hand	3,625	(559)	3,066
Total	*23,034,228*	*(571,055)*	*22,463,173*

This item principally comprises the balance on bank current accounts at March 31st, 2021.

The reduction should be considered together with the change in “Current financial assets”, which includes the liquidity generated by the Company during the year. The combined increase (€ 3,451,786), despite significant capital investment during the year, confirms that treasury management policy is designed to maintain a high level of liquidity. The objective is to ensure both that the Company maintains the resources needed to support the established growth strategies and, given the expected effects of the economic contraction caused by the pandemic, that the liquidity needed to manage any slowdown in the economic recovery is available.

The above resources were obtained by the Company, in the context of the financial management policies of the Endurance Overseas Group, due to favourable funding conditions in the financial markets.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

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

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year
Prepaid expenses	335,897	244,393	580,290
Total prepaid expenses and accrued income	**335,897**	**244,393**	**580,290**

Prepaid expenses mainly include the portions for future years relating to leasing fees, insurance costs and other costs.

Capitalised financial charges

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

Explanatory notes, liabilities and shareholders' equity

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

Shareholder's equity

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

Changes in quotaholders' equity items

The changes in equity during the prior year are analysed below:

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Share capital	5,000,000	-	-	-	5,000,000
Revaluation reserves	2,481,666	-	-	-	2,481,666
Legal reserve	797,920	-	202,080	-	1,000,000
Extraordinary reserve	4,962,658	-	-	-	4,962,658
Other reserves	21,900,492	-	-	-	21,900,492
Retained earnings (accumulated losses)	7,670,030	(4,000,000)	11,723,590	-	15,393,620
Net income (loss) for the year	11,925,670	-	(11,925,670)	12,639,363	12,639,363
Total	**54,738,436**	**(4,000,000)**	**-**	**12,639,363**	**63,377,799**

The changes in shareholder's equity during the year are analysed below.

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Share capital	5,000,000	-	-	-	-	5,000,000
Revaluation reserves	2,481,666	-	-	8,636,951	-	11,118,617
Legal reserve	1,000,000	-	-	-	-	1,000,000
Extraordinary reserve	4,962,658	-	-	-	-	4,962,658
Other reserves	21,900,492	-	-	-	-	21,900,492
Retained earnings (accumulated losses)	15,393,620	(5,000,000)	12,639,363	-	-	23,032,983
Net income (loss) for the year	12,639,363	-	(12,639,363)	-	9,197,973	9,197,973
Total	**63,377,799**	**(5,000,000)**	**-**	**8,636,951**	**9,197,973**	**76,212,723**

Share capital at March 31st, 2021 amounts to € 5,000,000, represented by 5,000,000 shares with a nominal value of € 1.00 each. Shareholder's equity includes the following:

- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, comprising the revaluation reserve pursuant to Law 342/00, of € 1,551,755 and of the revaluation reserve pursuant to Law 126/20, created in the year under review for € 8,636,951, both net of the related flat tax;
- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, which were used for the bonus capital increase authorised at the extraordinary shareholder's meeting held on 20/11/2000 (using € 170,471 from the pre-existing revaluation reserve created pursuant to Law 72/83).

Availability and use of quotaholders' equity

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

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Share capital	5,000,000	Share capital		-
Revaluation reserves	11,118,617	Share capital	A; B	-
Legal reserve	1,000,000	Revenue	B	-
Extraordinary reserve	4,962,658	Revenue	A; B; C	4,962,658
Other reserves	21,900,492	Revenue	A; B; C	21,900,492
Retained earnings (accumulated losses)	23,032,983	Revenue	A; B; C	23,032,983
Total	**67,014,750**			**49,896,133**
Amount not distributable				6,502,914
Residual amount distributable				43,483,219
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The amount not distributable, determined in accordance with art. 2426 of the Italian Civil Code, covers unamortised development costs totalling € 1,440,885 and deferred tax assets of € 5,062,029, which are also deemed to represent unrealised assets.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

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

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Derivative financial instruments	18,748	31,623	-	31,623	50,371
Other provisions	3,921,828	-	2,500,000	(2,500,000)	1,421,828
Total	**3,940,576**	**31,623**	**2,500,000**	**(2,468,377)**	**1,472,199**

Other provisions

The provisions recorded in the current and prior years cover liabilities of various kinds - commercial, tax, labour and corporate - and reflect the best estimate of the amounts likely to be payable, based on the information available when preparing the financial statements. The increase during the year recognises the change in the negative fair value of the derivatives held by the Company to hedge fluctuations in the floating interest rates charged on outstanding loans and the decrease related to the release of some of the provisions made in previous years following the revision of the best estimate of the existing risks.

Provision for employee termination indemnities

Employee termination indemnities amount to € 2,045,988 at March 31st, 2021. The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Employee termination indemnities	1,878,585	282,059	114,656	167,403	2,045,988
Total	**1,878,585**	**282,059**	**114,656**	**167,403**	**2,045,988**

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded during the year reflect the indemnity advances paid to employees (€ 114,656).

The charge for the year (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable.

Payables

Payables total € 108,962,138 at March 31st, 2021.

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

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year	Within one year	Beyond one year
Due to banks	39,577,247	6,044,509	45,621,756	14,911,463	30,710,293
Trade payables	44,526,765	8,310,341	52,837,106	52,837,106	-
Payables due to parent companies	1,542,458	(817,192)	725,266	725,266	-
Payables due to fellow subsidiaries	2,480,420	261,288	2,741,708	2,741,708	-
Tax payables	240,516	284,411	524,927	524,927	-
Due to pension and social security institutions	1,508,915	125,475	1,634,390	1,634,390	-
Other payables	5,298,111	(421,126)	4,876,985	4,876,985	-
Total	**95,174,432**	**13,787,706**	**108,962,138**	**78,251,845**	**30,710,293**

Amounts due to banks include both the current portion (€ 14,911,463) and the portion due beyond 12 months (€ 30,710,293) of loans obtained from major banks.

Amounts due to banks increased during the previous year due to the combined effect of the repayments made on contractual maturities with a nominal value of € 16,673,235, the arrangement of new loans (totalling € 22,705,489 net of transaction costs) and the adjustment of liabilities measured at amortised cost (with a reduction in their nominal value by € 60,203 at March 31st, 2021).

The following contracts were signed for new loans taken out during the year:

- an unsecured loan for a total nominal value of € 5,000,000, taken out in April 2020 from Banca Nazionale del Lavoro for repayment over 5 years;
- an unsecured loan for a total nominal value of € 10,000,000, taken out in April 2020 from the Banco Popolare Group for repayment over 5 years;
- an unsecured loan for a total nominal value of € 2,705,489, taken out in April 2020 from Medio Credito Centrale for repayment over 8 years;
- an unsecured loan for a total nominal value of € 5,000,000, taken out in January 2021 from the Unicredit Group for repayment over 5 years. This loan was obtained under favourable conditions, being able to benefit from the guarantee issued by the MCC as part of the measures adopted by the Italian Government to support companies affected by Covid-19;

The following is a breakdown of medium-term loans at March 31st, 2021 (the liabilities of which are all accounted for with amortised cost method).

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at March 31st, 2021	Within one year	Beyond one year
BNL	3,500,000	13/07/2016 - 5	350,000	350,000	-

Banca del Mezzogiorno	4,000,000	14/07/2016 - 5	207,191	207,191	-
UBI	3,000,000	27/03/2017 - 5	610,535	610,535	-
Gruppo Banco Popolare	10,000,000	30/11/2017 - 5	3,515,215	2,007,567	1,507,648
Mediocredito	10,000,000	26/10/2018 - 5	5,000,000	2,000,000	3,000,000
Banca Nazionale del Lavoro	5,000,000	07/12/2018 - 5	3,000,000	1,000,000	2,000,000
Cariparma - Credit Agricole	3,000,000	20/02/2019 - 5	1,817,052	599,946	1,217,106
CREDEM	5,000,000	10/12/2019 - 4	3,448,220	1,248,421	2,199,799
Intesa San Paolo	10,000,000	29/01/2020 - 4	7,500,000	2,500,000	5,000,000
Banca Nazionale del Lavoro	5,000,000	01/04/2020 - 5	4,250,000	1,000,000	3,250,000
Gruppo Banco Popolare	10,000,000	30/04/2020 - 5	8,442,335	2,089,217	6,353,118
MCC - Fondo crescita sostenibile	2,705,489	29/04/2020 - 8	2,541,411	330,128	2,211,283
Unicredit	5,000,000	21/01/2021 - 5	5,000,000	999,960	4,000,040
Amortised cost adjustment	-	-	(60,203)	(31,502)	(28,701)
Total	**76,205,489**		**45,621,756**	**14,911,463**	**30,710,293**

Contracts bear fixed interest rate (between 0.2% and 0.8%) or 3-month EURIBOR and/or 6-month EURIBOR, plus a floating spread of between 0.002% for more recent contracts and 1.50% for less recent ones, depending on market conditions at the time of signing and the duration of the loan.

In January 2021, the loan of € 5.0 million backed by a guarantee from the MCC was signed with Unicredit Spa, which made it possible to benefit from particularly favourable conditions.

With regard to trade payables (€ 52,837,106 at March 31st, 2021), the increase during the year of € 8,310,341 is consistent with the procurement and rationalisation dynamics of treasury management in line with production trends, especially in the second half of the year, when there was a recovery on the previous year.

Payables due to parent companies total € 725,266 and mainly relate to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

Payables due to fellow subsidiaries: (€ 2,741,708 al March 31st, 2021) include trade payables to Endurance Castings S.p.A. (€ 2,592,218), due to Endurance Engineering S.r.l. (€ 1,638), both direct subsidiaries of Endurance Overseas S.r.l., and to Endurance Amann (€ 147,852), a subsidiary of the indirect parent company Endurance Technologies Limited (India).

Tax payables, totalling € 524,927, refer for € 257,805 to payroll withholdings and for € 267,122 to the flat-rate substitute tax envisaged for the step-up for tax purposes of the higher value of the assets subject to revaluation under Law 126/2020.

Other payables of € 4,876,985 principally include amounts due to employees for payroll and related accruals (€ 4,047,625) and other amounts due.

There have not been any changes to amounts payable or the related payment terms as a consequence of the Covid-19 pandemic, or any violations of the related contractual clauses.

Breakdown of payables by geographical area

There is little point in analysing payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

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

Loans from shareholders

The company has not received any loans from its quotaholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	840,867	(500,081)	340,786
Total accrued expenses and deferred income	**840,867**	**(500,081)**	**340,786**

Deferred income includes income mainly of commercial nature and other income for grants relating to future years. With reference to the latter, it should be noted that they refer (for € 129,295) to the facilitation in relation to the purchase of new capital goods during the year pursuant to Article 1, paragraphs 184-197, Law 160/2019.

Explanatory notes, income statement

The income statement reports the results for the year.

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

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

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

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

Value of production

The value of production during 2020/2021 is analysed below with comparative figures:

Description	Year 2020/2021	Year 2019/2020	Change
1) Revenues from sales of goods and services	135,072,609	170,531,147	(35,458,538)
2) Change in inventories of work in progress, semi-finished and finished products	(2,112,965)	1,180,719	(3,293,684)
4) Increases in non-current assets from in-house production	1,541,197	141,015	1,400,182
5) Other income and revenues			
Operating grants	1,493,246	1,433,710	59,536
Other	1,569,554	1,840,259	(270,705)
Total	**137,563,641**	**175,126,850**	**(37,563,209)**

Sales revenues for the year (which also include income from the sale to customers of specific equipment used in production, where foreseen in the contract) underwent a contraction in line with the trend in the market and, above all, due to the restrictions adopted at both national and regional level to counter the spread of the Covid-19 virus.

With particular reference to the Company's main customers, there was a significant reduction in revenues, for the reasons mentioned previously, from the Volkswagen group (-27%) and the Stellantis group (the FCA component in particular, -15%). A similar trend was also recorded across the board for the Company's other customers, both for the sale of production parts and for equipment.

Increases in non-current assets from in-house production refer to the capitalisation of costs relating to R&D activities with the right characteristics for capitalisation, as described in the section on intangible fixed assets.

Other revenues include:

- the portion for the year (€ 1,433,710) of operating grants relating to, in particular:
  - use of photovoltaic systems and those for energy-intensive companies (€ 249,147)
  - those, in the form of tax credits, relating to investments in plant and machinery (€ 137,459);
  - those obtained to cover R&D expenditure (for a total of € 677,008) and grants received for specific research projects (€ 389,590).
- insurance compensation received (€ 555,550);
- capital gains deriving from the sale of assets (€ 279,558);
- rent paid by third parties for property owned by the Company (€ 112,500);
- miscellaneous income including amounts recharged to suppliers (€ 463,919, of which € 106,506 for grants received for a project co-financed by Finpiemonte and Regione Piemonte in the context of ROP-ERDF 2014-2020).

Analysis of revenues from sales and services by category of activity

Revenues from sales and services relate entirely (€ 135,072,609) to income from the Company's core business, comprising the engineering of precision and die cast components for the automotive market, as well as related activities.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area

Geographical area	Current year amount	Weight %	Prior year amount	Weight %
ITALY	71,884,263	53%	90,230,935	53%
GERMANY	32,716,641	24%	48,299,564	28%
HUNGARY	19,161,838	14%	19,442,995	11%
POLAND	6,437,668	5%	7,018,733	4%
ROMANIA	2,772,939	2%	3,307,920	2%
OTHER EUROPEAN COUNTRIES	447,298	0%	1,051,332	1%
OTHER NON-EU COUNTRIES	1,651,962	1%	1,179,668	1%
Total	**135,072,609**	**100%**	**170,531,147**	**100%**

Cost of production

In accordance with the matching principle, costs and charges are recognised on an accruals basis by type of expenditure; they are stated net of returns, allowances, discounts and rebates and classified in the respective captions pursuant to OIC 12. As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter. In the case of the purchase of services, the costs are recorded when the service has been received, or when provision of the service has been completed; if the services are provided on a continuous basis, the costs are recorded for the amount accrued.

Description	Year 2020/2021	Year 2019/2020	Change
Cost of raw and ancillary materials, consumables and goods for resale	59,446,771	79,173,166	(19,726,395)
Cost of services	24,826,737	32,194,123	(7,367,386)
Lease and rental charges	4,811,885	4,735,467	76,418
Payroll costs			
Wages and salaries	18,521,197	18,807,830	(286,633)

Social contributions	4,889,987	5,172,181	(282,194)
Employee termination indemnity	830,008	813,303	16,705
Other costs	367,263	354,181	13,082
Amortisation of intangible assets	722,667	1,299,098	(576,431)
Depreciation of tangible fixed assets	12,892,164	17,060,166	(4,168,002)
Change in inventory of raw and ancillary materials, consumables and goods	183,245	(486,376)	669,621
Other operating expenses	999,121	1,780,499	(781,378)
	128,491,045	**160,903,638**	**(32,412,593)**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The items in question, which as a percentage of the value of production are slightly down overall compared with the previous year (61.4% of the value of production compared with 63.6%), recorded a reduction of approximately 24% in line with the trend in operating revenues. These were influenced by the recessive trend in the Company's markets, particularly in the first half of the year, following the contraction in consumption linked to the pandemic, further impacted by the production lockdowns and the operating and circulation restrictions introduced at a national and EU level.

Payroll costs

Payroll costs are down by 2%, as the strengthening of the mid-level organisation within the Company offset the effects of personnel reductions and flexible working linked to the decline in sales volumes. This caption comprises all employment costs, including merit increases, promotions, untaken holidays and the provisions required by law and collective employment contracts. It also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to income statement line B7.

Lease and rental charges

This caption mainly includes the rental of operating facilities used by the Company from Endurance Overseas S.r.l., as well as finance lease charges relating to plant and machinery employed in the production process. The slight increase in the incidence of this caption mainly reflects the additional production facilities made available by the parent company in the Chivasso area.

Depreciation and amortisation

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. Note the reduction in depreciation of tangible and intangible fixed assets compared with the previous year, also visible in proportion to the value of production, mainly as a result of the change in depreciation rates of certain categories of tangible fixed assets following the change in the useful life of the assets. This was revised in compliance with the applicable accounting principles in relation to the use of assets in the context of production job orders, as well as the actual technical obsolescence of the assets. The amount also includes the changes made based on updated information on the phase-out of certain products, as well as the periodic analysis of the benefits relating to specific assets.

Other operating expenses

This item includes, among other things, penalties charged by customers, local taxes and in general non-recurring costs not pertaining to the core business. They recorded a decrease in line with the trend in business volumes during the year.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income from the parent company (€ 61,221) comprises the interest recognised by Endurance Overseas S.r.l. in relation to the outstanding loan (€ 3,000,000 at March 31st, 2021) and the credit balances on the cash pooling account.

Other financial income (€ 138,013) mainly includes the interest income accrued and the gains recognised on the purchase and sale of securities and financial investments, in the context of liquidity management by the Company.

Financial charges (€ 450,967) principally include the interest charged on the various loans obtained from third-party lenders.

The net exchange gains (€ 1,493 in 2020/2021) were almost entirely realised on transactions in currencies other than the euro, which is identified as the functional currency.

Adjustments to financial assets and liabilities

The adjustments to financial assets and liabilities refer to the write-down of securities classified as financial assets and to changes in the fair value of the derivatives used by the Company in order to align them with their market value.

A comparison with the prior year is presented in the following table:

Description	Year 2020/2021	Year 2019/2020	Change
Write-down of securities classified as current assets	(101,920)	(27,922)	(73,998)
Writedown of derivative contracts	(31,623)	(11,200)	(20,423)
	(133,543)	**(39,122)**	**(94,421)**

Amount and nature of revenues/costs of individual significance

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

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

Income taxes for the year, current and deferred

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

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

	Year 2020/2021	Year 2019/2020
Income taxes	**(509,160)**	**1,424,789**
Current taxation		
of which: IRES for the year (current)	-	1,289,966
of which: IRAP for the year (current)	327,217	841,968
of which: Taxation relating to prior years	20,647	(149,123)
Net change in deferred taxation	(857,024)	(558,022)

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	4,056,119	273,097
Total taxable temporary differences	7,589,366	505,000
Net temporary differences	3,533,247	231,903
B) Tax effects		

	IRES Tax	IRAP Tax
Provision for deferred tax liability (assets) at the beginning of the year	(3,618,703)	(586,302)
Deferred tax liability (assets) of the year	(847,980)	(9,044)
Provision for deferred tax liability (assets) at the end of the year	(4,466,683)	(595,346)

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The reversal of deferred tax assets during the year mainly refers to production costs with deferred deductibility that have become definitive and to changes in the items subject to temporary misalignment between the statutory and the tax values (e.g. goodwill, certain tangible fixed assets and provisions for writedowns).

The provision for deferred tax assets recorded during the year refers to temporary differences arising from the tax loss caused by charging hyper-accelerated depreciation for tax purposes only, the above provisions for risks and to the misalignment of depreciation based on the estimated useful life of assets for accounting purposes and that applied for tax purposes.

Explanatory notes, other information

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

Employment data

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

	Executives	White collar	Blue collar	Total employees
Average number	7	82	323	412

The workforce at March 31st, 2021 (consisting solely of Company employees) comprises 428 persons.

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

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

	Directors	Statutory Auditors
Fees	10,000	32,760

Fees of the legal auditor or auditing firm

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services:

	Legal audit of the annual financial statements	Other non-audit services	Total fees earned by the legal auditor or auditing firm
Amount	20,000	6,250	26,250

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit. The cost of auditing the annual accounts includes the fees for checking that the books of account have been kept properly, while the other non-audit services relate to the signature of tax declarations the certification of R&D costs in order to obtain access to the related tax credits and for the certification of the figures to qualify as an energy-intensive business.

Securities issued by the company

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

Details on other financial instruments issued by the Company

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

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

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

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

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

Loans for a specific business project

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

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

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

Information about significant events arising subsequent to the reporting date

The painful events associated with the spread of Covid-19 and the exceptional restrictive measures for its containment adopted by the public authorities as a consequence, considering both their nature and extent, have had both direct and indirect repercussions for economic activity and have created generalised uncertainty, the outcome and effects of which cannot be readily foreseen at this time. Even so, a steady recovery is expected with respect to the levels of activity experienced in 2020, although this depends very much on the measures adopted to contain the pandemic and the implementation of a widespread and effective vaccination plan.

At present, considering the actions already taken, the effects of the coronavirus epidemic are not expected to have an impact on business continuity.

The potential effects of this phenomenon on the financial statements cannot however be determined with absolute certainty; nevertheless, business activity is expected to grow as a result of both internal actions and the measures adopted by the government to tackle the pandemic.

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

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

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

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

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

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

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

Type of instrument	Number of contracts at 31/03/21	Original notional value	Notional at March 31st, 2021	Fair value	Number of contracts at 31/03/20	Original notional value	Notional at March 31st, 2020	Fair value
Interest rate swap	7	38,000,000	23,634,169	(87,891)	6	35,126,630	18,436,531	(92,096)
Interest rate CAP	-	-	-	-	1	2,000,000	305,184	-
TOTAL	**7**	**38,000,000**	**23,634,169**	**(87,891)**	**7**	**37,126,630**	**18,741,715**	**(92,096)**

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at March 31st, 2020 (fixed on March 29th, 2020) was 82.8985 (77.7190 at March 31st, 2019) - (source www.ecb.europa.eu):

Balance sheet	Year ended March 31st, 2020	Year ended March 31st, 2019
Assets		
Non-current assets		
Fixed assets, net	15,396.06	12,629.37
Investments and other non-current assets	4,826.73	5,900.00
Current assets	9,605.88	11,022.75
Activities held for sale	-	33.37
Total assets	**29,828.67**	**29,585.49**
Liabilities and equity		
Shareholder's equity	**23,167.64**	**20,799.50**
Non-current liabilities		
Non-current financial liabilities	42.84	29.78
Other non-current liabilities	339.39	265.65
Current liabilities		
Current financial liabilities	5,643.49	7,738.02
Other current liabilities	635.31	752.54
Total liabilities and equity	**29,828.67**	**29,585.49**

Income Statement	Year ended March 31st, 2020	Year ended March 31st, 2019
Revenues	**49,747.57**	**54,336.82**
Operating costs	41,962.53	46,854.49
Depreciation and amortisation	1,992.48	1,756.98
Financial charges	108.15	170.73
Non-recurring income/(expense)	-	(208.00)
Income before tax	**5,684.41**	**5,346.62**
Taxation for the year (current and deferred)	1,407.49	1,768.01
Income (loss) for the year	**4,276.92**	**3,578.61**
OCI - Other comprehensive income	(43.44)	(23.39)
Total statement of comprehensive income	**4,233.48**	**3,555.22**

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

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

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

While there is some uncertainty about the definition of the subsidies that fall within the scope of application of the law, it is confirmed that the following funds were received during the year:

- Subsidies for firms that are heavy consumers of electricity – 2015 Energy-Intensive Users Project for a total of Euro 133,195 (recognised in the form of a grant with a specific disbursement of funds);
- General measures that can be used by all companies in application of current tax laws; such as the so-called ACE (aid for economic growth) or the benefits recorded in relation to the accrual of tax credits for research and development costs (impact on the income statement for a total of € 677,008, not yet offset against taxes during the year) or for investments in business assets (such as Legislative Decree No. 91/2014, the so-called "Tremonti-quarter", for which the Company recorded income for the year of € 119,801, without any impact in terms of cash flows);
- The contributions foreseen for certain types of taxpayer based on the activity produced, such as:
    - those reserved for energy-intensive businesses, of which the Company received € 133,195 during the year (in terms of grant paid), with reference to the amount accrued in 2015;
    - exemptions from the duties on natural gas (pursuant to Decree 504/95), totalling € 20,380;
    - exemptions (in the form of tax credits) from the duties on diesel for traction (pursuant to art. 8 of Law 448/98), totalling € 2,906;
- grants received in relation to the R&D project co-financed by Finpiemonte and Regione Piemonte in the context of POR-FESR 2014-2020 programme (for a total of € 106,506) and by the MISE as part of the Sustainable Industry tender (for a total of € 389,590);
- Guarantee given by Medio Credito Centrale for a loan taken out in January 2021 for an amount equal to € 5 million from Unicredit S.p.A. (for which a grant was quantified in terms of a interest-rate subsidy of € 138,706, the benefit of which will be spread over the duration of the loan, a total of 5 years).

Furthermore, it should be noted that the following types of subsidies were granted, but did not result in the disbursement of funds during the year:

- Subsidies in favour of companies with a high consumption of electricity - Energivori 2018 Project for a total of € 569,888 (the amount is recognised in the form of a reduction in the tariff applied);
- Subsidies in favour of companies under the regulation for inter-professional funds pursuant to EU Reg. 1407/2013 relating to the sustainable innovation and green economy project for a total of € 15,000.

Proposed allocation of profits or coverage of losses

To the Shareholder,
In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 9,197,973 entirely to "retained earnings”.

Explanatory notes, closing section

To the Shareholder,
We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flows and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended March 31st, 2021, together with the proposed allocation of net income, as submitted by the Board of Directors.

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

Chivasso, May 14th, 2021

For the Board of Directors

The Managing Director

Samuele Gabutto

Deloitte.

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

Tel: +39 011 55971
www.deloitte.it

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

To the Sole Shareholder of
Endurance S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2021, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Emphasis of matter

We draw attention to the "Fixed assets" section of the explanatory notes which provides information on the revaluation carried out by the Company at March 31, 2021 pursuant to law no. 126/2020 and the related effects on the values of fixed assets, equity and tax payables for the substitute tax.
Our opinion is not modified in respect of this matter.

Other matters

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Deloitte.

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance S.p.A. as at March 31, 2021 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 18, 2021

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE SPA

Head office: VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 01782370017
Turin Chamber of Commerce no. 518048
Share capital: € 5,000,000.00 subscribed and fully paid
VAT Number: 01782370017
Sole shareholder company
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Financial statements for the year ended March 31st, 2021

To the Shareholder,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the legal audit function was assigned to Deloitte & Touche S.p.a. in a letter of appointment dated 25 June 2020; accordingly, this report describes solely the supervisory work carried out in accordance with the law.

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

During the course of the financial year ended March 31st, 2021, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

Activities carried out by the Board of Statutory Auditors during the year ended March 31st, 2021

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

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

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

In particular, during the year we supervised the revaluation of corporate assets carried out pursuant to art. 110 of Legislative Decree 104/2020. We also analysed the documentation and appraisal drawn up in support of the transaction, verifying that the value of the revalued asset does not exceed the recoverable value in compliance with the criteria set out in the accounting standard OIC 9. Specifically, we verified that the value of the asset did not exceed both the realisable value on the market, equal to the fair value net of the costs to sell, and the value in use, obtained by discounting the expected cash flows deriving from continuous use of the asset.

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

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

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

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

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

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

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

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

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

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

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

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

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

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

The draft financial statements for the year ended March 31st, 2021, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- Balance sheet

- Income statement
- Statement of cash flows
- Explanatory notes

The result for the year is net income of € 9,197,973, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2021	FY 2020	Difference
FIXED ASSETS	73,609,001	66,393,071	7,215,930
CURRENT ASSETS	114,844,543	98,483,291	16,361,252
ACCRUED EXPENSES AND DEFERRED INCOME	580,290	335,897	244,393
TOTAL ASSETS	189,033,834	165,212,259	23,821,575

Description	FY 2021	FY 2020	Difference
SHAREHOLDER'S EQUITY	76,212,723	63,377,799	12,834,924
PROVISION FOR RISKS AND CHARGES	1,472,199	3,940,576	2,468,377-
EMPLOYEE TERMINATION INDEMNITIES	2,045,988	1,878,585	167,403
PAYABLES	108,962,138	95,174,432	13,787,706
ACCRUED EXPENSES AND DEFERRED INCOME	340,786	840,867	500,081-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	189,033,834	165,212,259	23,821,575

Income Statement

Description	FY 2021	FY 2020	Difference
VALUE OF PRODUCTION	137,563,641	175,126,850	37,563,209-
REVENUES FROM SALES OF GOODS AND SERVICES	135,072,609	170,531,147	35,458,538-
COST OF PRODUCTION	128,491,045	160,903,638	32,412,593-
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	9,072,596	14,223,212	5,150,616-
RESULT BEFORE TAXES (A-B+-C+-D)	8,688,813	14,064,152	5,375,339-
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	509,160-	1,424,789	1,933,949-
NET INCOME (LOSS) FOR THE YEAR	9,197,973	12,639,363	3,441,390-

We have examined the draft financial statements for the year ended March 31st, 2021, including the Report on Operations, in relation to which we point out the following.

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

More precisely, we note that:

- The accounting policies used in preparing the financial statements at March 31st, 2021 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- Pursuant to art. 2426, paragraph 5 of the Italian Civil Code, we acknowledge that, with our consent, development costs have been recognised in balance sheet assets and we have verified that they met the recognition criteria of ascertainable future economic benefits;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at March 31st, 2021 do not contain any amounts representing goodwill under intangible assets;
- pursuant to OIC 25, deferred tax assets have been allocated on the tax loss for the year as there is a reasonable certainty that they can be reabsorbed within the next five years.

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

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

Result for the year

The net result ascertained by the Directors for the year ended March 31st, 2021, as shown in the financial statements, is positive for € 9,197,973. We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

Conclusion

Considering the results of the work performed by the independent auditors, as explained in their unqualified audit report, issued without any emphasis of matter on May 18th, 2021, we unanimously believe that there are no impediments to approval at the Shareholder's Meeting of the draft annual financial statements at March 31st, 2021, as prepared and presented by the Directors.

Milan, May 19th, 2021

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

ENDURANCE ENGINEERING SRL

Head office: STRADA DEL CASCINOTTO 135/A TORINO (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 11081890011

Turin Business Register (REA) no. 1186114
Quota capital: € 100,000.00 subscribed and fully paid
VAT Number: 11081890011
Sole quotaholder company
Management control and coordination: ENDURANCE OVERSEAS S.r.l.

Report on operations

Financial statements at March 31st, 2021

To the Quotaholders,
The explanatory notes provide disclosures on the financial statements for the year ended March 31st , 2021. In accordance with art. 2428 of the Italian Civil Code, this document provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

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

The year just ended was heavily conditioned by the effects of the Covid-19 pandemic on the global economy, due to the restrictions imposed and various impediments to the conduct of economic activities. The lockdowns and the restrictions placed on free movement by the authorities in order to keep contagion in check have had a serious effect on several sectors (travel and tourism, catering and personal services), while also depressing the wider economy by lowering disposable incomes and reducing the propensity to consume of households and citizens.

According to preliminary estimates released by the OECD, global gross domestic product (GDP) contracted by 3.4% in 2020, with declines in all major countries excluding China, which grew by 2.3%.

The 6.8% contraction in the Euro area was worse than the global average, as evidenced by the performance of Germany -5.3%, France -8.2%, Italy -8.9% and Spain -11.0%.

In this context, car registrations were severely curtailed, especially in the spring, due to the widespread lockdowns that basically suspended all selling activities. Registrations picked up subsequently, although below previous years, taking advantage of the increased propensity of consumers to avoid mass transport which was considered less safe, also thanks to public incentives to replace less ecological vehicles. In the period corresponding to the financial year (from April 2020 to March 2021) registrations dropped overall by -18.7%. Looking at the European and UK markets (-17.7% in just the EU) with a collapse in the first quarter (-52.5%), then stabilising at -6% in the second quarter, -8.3% in the third quarter and +0.7% in the last quarter. However these figures compare with a previous year already partially hit by the pandemic (in fact, the 87% rise in March 2021 compared with 2020 in real terms results in a -16% if compared with March 2019, which was not hit by Covid). Given that these were generalised effects, the declines affected all countries and all car manufacturers. The drop was particularly significant in Spain (-29.4%) and the UK (-24.9%). The VW group, the main manufacturer with almost a third of market share in the EU, recorded a drop in registrations of 17.9%, Renault one of -18.5%, BMW -11.3% and Daimler -19.9%. Stellantis, the new player born in January 2021 from the merger between PSA and FCA, achieved 9% growth in the EU in the first quarter of activity from the aggregation (although improper and only for indicative purposes, combining PSA and FCA data also in the periods prior to the merger, the annual figure would have shown a reduction in registrations of -26.5%). The other major car manufacturers had the following registrations in the last quarter of the year (January-April 2021): VW -1.4%, Renault -1.2%, BMW +8.6% and Daimler -9.1%.

P&C's vehicle production figures published by IHS MARKIT for calendar year 2020, down by 15.3% compared with overall registrations, show a contraction in world output of -16.9% (from 73.8 to 61.4 million vehicles) distributed in all the macro areas of the world: EU -23.3%, North America -20.4%, South America -34.2%, Asia -12.3%, Middle East and Africa -12.3%. Within the European Union, Germany was the leading producer with output of 3.4 million vehicles (albeit down 24.7% compared with the previous year), followed by Spain with 1.8 million vehicles (-19.5%), the Czech Republic 1.1 million (-19.3%), Slovakia 0.9 million (-12.0%), France 0.9 million (-45.8%) and Italy 0.5 million (-13.2%).

In the same period, exports of vehicles from the European Union fell both in volume (-17.5%) and in value (-16.0%), while imports also fell in volume (-32.0%) and in value (-19.7%).

In this market context, considering in particular the effects suffered during the first quarter for the health emergency, the value of production fell by approximately 33%. Despite the difficulties that had to be faced, the net result was nonetheless positive, amounting to € 0.6 million, equal to 6.2% of the value of production, with an EBITDA of approximately € 1.4 million.

Key events

As mentioned previously, the Company has suffered the effects of the Covid 19 pandemic.

The preventive measures introduced, the recommendations promptly adopted and the efforts made by the entire organisation to avoid internal contagion, made it possible to contain cases of positivity to the virus, guaranteeing the safety of the workplace and thereby avoiding plant closures, except in cases imposed by national authorities.

Turning to the action taken at Group level, Endurance Engineering S.r.l. reacted promptly to the extraordinary effects of the pandemic by taking steps to safeguard the health of all employees, as a priority objective, as well as to guarantee the continuity of production to the extent possible under appropriate safety conditions (purchase of PPE, reorganisation of operating procedures, interactions and movements within corporate facilities, as well as recourse - where practicable and applicable - to smart working for all professional roles).

To cope with the effects of the pandemic and improve overall performance, the project was launched during the year to move the company from Strada del Cascinotto, Turin to Via Morandi 9, Grugliasco, to the premises owned by Endurance S.p.a. (which it made available having at the same time centralised the foundry activities previously carried on there at the Chivasso plant). The project will bring multiple benefits by allowing the group to use areas owned to replace the third-party premises used by the Company up to now (which have become surplus to production needs), while at the same time raising industrial efficiency that at the previous site would have been difficult to achieve due to the unfavourable layout. The Grugliasco plant has in fact been completely modernised taking into account the specific adaptations required for efficient moulding of plastic components by installing automatic distribution systems for the raw material, optimising logistics and set-up times, as well as automation of certain high volume productions.

The transfer started in the last quarter of 2020/21 and will end in the month of May. It involved the relocation of the registered office to Via Morandi 9, Grugliasco as per the deed witnessed by Notary Agostini in Milan on May 10th, 2021 (rep. 84710 and rec. 17492).

During the year, new orders were acquired for the production of parts that will contribute to future development with an additional annual turnover of € 3.3 million when fully operational. The new components were ordered mainly by Maserati and Hanon and will begin to be produced next year (2021/2022).

Management control and coordination activities

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

The management control and coordination activities carried out have not had any particular impact on the Company's activities or its results. We can also confirm that no decisions have been made, influenced by the Company that carries out management control and coordination activities, that might require indication of the reasons and interests affecting them.

Financial position

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

Balance Sheet - Assets

Item	FY 2021	%	FY 2020	%	Change	% change
CURRENT ASSETS	**8,500,163**	**81.44 %**	**10,323,862**	**87.62 %**	**(1,823,699)**	**(17.66) %**
Immediate liquidity	**3,479,573**	**33.34 %**	**4,910,398**	**41.68 %**	**(1,430,825)**	**(29.14) %**
Cash and cash equivalents	3,479,573	33.34 %	4,910,398	41.68 %	(1,430,825)	(29.14) %
Deferred liquidity	**2,783,159**	**26.66 %**	**3,548,642**	**30.12 %**	**(765,483)**	**(21.57) %**
Current receivables included in working capital	1,558,799	14.93 %	2,228,705	18.92 %	(669,906)	(30.06) %
Financial assets	1,151,083	11.03 %	1,241,562	10.54 %	(90,479)	(7.29) %
Accrued income and prepaid expenses	73,277	0.70 %	78,375	0.67 %	(5,098)	(6.50) %
Inventories	2,237,431	21.44 %	1,864,822	15.83 %	372,609	19.98 %
NON CURRENT ASSETS	**1,937,457**	**18.56 %**	**1,458,716**	**12.38 %**	**478,741**	**32.82 %**
Intangible assets	491,103	4.71 %	33,640	0.29 %	457,463	1,359.88 %
Tangible fixed assets	1,048,304	10.04 %	902,205	7.66 %	146,099	16.19 %
Financial fixed assets	5	-	5	-	-	-
Non-current portion of receivables included in working capital	398,045	3.81 %	522,866	4.44 %	(124,821)	(23.87) %
TOTAL ASSETS	**10,437,620**	**100.00 %**	**11,782,578**	**100.00 %**	**(1,344,958)**	**(11.41) %**

In particular, there has been an increase in tangible and intangible fixed assets incurred during the period for the works and investments connected with the preparation of the new production site in Grugliasco.

Balance Sheet - Liabilities and Quotaholder's Equity

Item	FY 2021	%	FY 2020	%	Change	% change
THIRD PARTIES SOURCES	**5,119,330**	**49.05 %**	**6,087,469**	**51.67 %**	**(968,139)**	**(15.90) %**
Current liabilities	**4,231,041**	**40.54 %**	**4,199,397**	**35.64 %**	**31,644**	**0.75 %**
Current payables	4,216,728	40.40 %	4,175,541	35.44 %	41,187	0.99 %
Accrued expenses and deferred income	14,313	0.14 %	23,856	0.20 %	(9,543)	(40.00) %
Non-current liabilities	**888,289**	**8.51 %**	**1,888,072**	**16.02 %**	**(999,783)**	**(52.95) %**
Non-current payables	655,706	6.28 %	1,308,539	11.11 %	(652,833)	(49.89) %
Provisions for risks and charges	2,117	0.02 %	353,167	3.00 %	(351,050)	(99.40) %
Employee termination indemnity	230,466	2.21 %	226,366	1.92 %	4,100	1.81 %
EQUITY	**5,318,290**	**50.95 %**	**5,695,109**	**48.33 %**	**(376,819)**	**(6.62) %**
Quota capital	100,000	0.96 %	100,000	0.85 %	-	-
Reserves	1,920,000	18.39 %	1,920,000	16.30 %	-	-
Retained earnings (accumulated losses)	2,675,109	25.63 %	2,391,708	20.30 %	283,401	11.85 %
Net income (loss) for the year	623,181	5.97 %	1,283,401	10.89 %	(660,220)	(51.44) %
TOTAL SOURCES	**10,437,620**	**100.00 %**	**11,782,578**	**100.00 %**	**(1,344,958)**	**(11.41) %**

Statement of cash flows

Item	Year 2020-2021	Year 2019-2020
Cash and cash equivalents at beginning of period	**4,910,938**	**1,027,864**
a. Cash flows from operating activities	1,106,676	1,294,526
b. Cash flows from investing activities	(891,539)	2,168,728
c. Cash flows from financing activities	(1,645,962)	419,280
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(1,430,825)**	**3,882,534**
Cash and cash equivalents at end of period	**3,479,573**	**4,910,398**

The liquidity of the Company decreased during the year by about € 1.4 million, due to the combined effects of the following factors:

- net positive cash flow from operating activities of € 1.1 million, mainly due to the contribution made by the results of operations (EBITDA of about € 1.3 million);
- cash absorption for capital investments in the period for € 1.0 million;
- cash flow from financing activities, negative for € 1.6 million, due to the repayment of loans for € 0.6 million and to the distribution of dividends to the parent company for € 1.0 million.

Key indicators of financial position

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

RATIO	FY 2021	FY 2020	% Change
Fixed asset coverage	345.48 %	608.55 %	(43.23) %
Amounts payable to banks to working capital	14.83 %	18.15 %	(18.29) %
Debt ratio	0.96	1.07	(10.28) %
Financial debt ratio	0.25	0.36	(30.56) %
Equity to capital employed	50.95 %	48.33 %	5.42 %
Financial charges to turnover	0.38 %	0.28 %	35.71 %
Current ratio	200.90 %	245.84 %	(18.28) %
Fixed asset to equity capital margin	3,778,878.00	4,759,259.00	(20.60) %
Primary coverage ratio	3.45	6.09	(43.35) %
(Equity + non current liabilities) - fixed assets	4,667,167.00	6,647,331.00	(29.79) %
Secondary coverage ratio	4.03	8.10	(50.25) %
Net working capital	4,269,122.00	6,124,465.00	(30.29) %
Acid test margin	2,031,691.00	4,259,643.00	(52.30) %
Acid test ratio	148.02 %	201.43 %	(26.52) %

Results

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

Income Statement

Item	FY 2021	%	FY 2020	%	Change	% change
VALUE OF PRODUCTION	**10,113,407**	**100.00%**	**14,940,725**	**100.00%**	**(4,827,318)**	**-32.31%**
- Consumption of raw materials	4,583,014	45.32%	7,363,976	49.29%	(2,780,962)	-37.76%
- General expenses	1,507,625	14.91%	2,052,965	13.74%	(545,340)	-26.56%
VALUE ADDED	**4,022,768**	**39.78%**	**5,523,784**	**36.97%**	**(1,501,016)**	**-27.17%**
- Payroll costs	2,578,690	25.50%	3,319,236	22.22%	(740,546)	-22.31%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**1,444,078**	**14.28%**	**2,204,548**	**14.76%**	**(760,470)**	**-34.50%**
- Depreciation, amortisation and writedowns	399,275	3.95%	286,822	1.92%	112,453	39.21%
- Other operating expenses	66,925	0.66%	68,396	0.46%	(1,471)	-2.15%
INCOME BEFORE FINANCIAL ITEMS	**977,878**	**9.67%**	**1,849,330**	**12.38%**	**(871,452)**	**-47.12%**
+ Financial items	(34,833)	-0.34%	(44,349)	-0.30%	9,516	-21.46%
INCOME BEFORE TAX	**943,045**	**9.32%**	**1,804,981**	**12.08%**	**(861,936)**	**-47.75%**
- Taxation	319,864	3.16%	521,580	3.49%	(201,716)	-38.67%
NET INCOME	**623,181**	**6.16%**	**1,283,401**	**8.59%**	**(660,220)**	**-51.44%**
EBITDA	**1,377,153**	**13.62%**	**2,136,152**	**14.30%**	**(758,999)**	**-35.53%**

Key performance indicators

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

RATIO	FY 2021	FY 2020	% Change
R.O.E.	12.38%	28.37%	(56.37)%
R.O.I.	8.30%	18.44%	(55.00)%
R.O.S.	9.36%	12.08%	(22.46)%
R.O.A.	105.39%	48.79%	115.99%
EBIT AS REPORTED	978,946.00	1,846,226.00	(46.98) %

Information required by art. 2428 of the Civil Code

Main risks and uncertainties that the Company is exposed to

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

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.

In particular, general economic conditions were affected at the end of the year - with continuation likely in the coming months - by the recessionary effects of the global spread of the Covid-19 pandemic including, in particular, those on the propensity to consume and on the functioning of production and distribution chains. Although in anticipation of the consolidation of an economic recovery supported by the spread of means to manage and contrast the pandemic (containment measures, dissemination of vaccination campaigns, support for economic recovery provided for by national and EU financing plans), the current and future economic situation is still affected by uncertainty about the effectiveness of the measures being introduced, a condition that will inevitably have repercussions on end-customers' propensity to consume and on the production chain.

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

The situation already described regarding the adverse effects of the spread of the current pandemic will have specific repercussions on the business sector served by the Company, considering the propensity to make purchases in the automotive market and the attitude towards mobility adopted by consumers in the near future.

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

Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

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

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

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

<u>Credit Risks</u>

Given the nature of its industrial activities - the production of car components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

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

Liquidity risks

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

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

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

Market risks

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

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates). Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

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

Key non-financial indicators

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

Information on the environment and safety

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

Work continued during the year ended March 31st, 2021 on the monitoring and maintenance of adequate environmental protection standards, in compliance with the requirements of ISO 14001:2015 on environmental management systems, and of occupational health and safety pursuant to ISO 45001:2018.

Staff training sessions were carried out in relation to specific job training in accordance with the criteria of the State - Regions Agreement of December 2011, updating for firefighting teams, operating forklifts, use of overhead cranes, training for use of III category PPE for work at height and training of supervisors.

In order to improve fire safety levels, structural work was carried out on buildings with the rationalisation of escape routes and the installation of fire-resistant elements.

Additionally, various emergency scenarios were simulated, including the evacuation of departments and the spillage of chemicals. These activities involved personnel present on all shifts.

The air extraction system in the production departments was also enhanced in order to ensure better air exchange and increase the healthiness of the work environment.

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

Consequent to the Coronavirus pandemic, precautionary measures were adopted and continuously monitored pursuant to the "Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace", prepared pursuant to the protocol agreed between the government and the social partners on March 14th, 2020, as extended on April 24th, 2020.

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

- observance of the Protocol described.
- supply to personnel of certified surgical masks, disinfectant solutions and materials for the cleaning and sanification of their working environments, as well as the maintenance of social distancing.
- to the extent feasible, the Company has extended to all job descriptions the ability to make recourse to smart working, giving preference to this approach over attendance in the workplace.

Information on personnel management

The Company's average workforce during the year was 58 employees compared with the prior year figure of 61. The workforce in the last month of the year amounted to 57 people.

During the 2020-2021 financial year, the main training events covered the following topics:

- technical area: CAD, AIAG and VDA FMEA training courses;
- general: training course for shift managers (management of production and human and technical resources).

The courses delivered - covering the environment, safety and other topics - involved the workforce in a total of 76 hours of activities, carried out both internally and externally (in addition to the OTJ training support provided).
In particular, in the first few months of the year, when the pandemic was at its peak, the Company resorted to the use of social safety nets, such as the Covid redundancy fund introduced by the Italian government to deal with production stoppages and the lower level of activity resulting from the pandemic

Research and development activities

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

In particular, the activity focused on the following areas:

- implementation of an inter-functional team that has permitted an increase in budgeting/product development activities on articulated projects, both in the functional field (e.g. Hanon-Renault HR12 project, with particular Beta development and automated assembly line) and in the functional/aesthetic field (e.g. Cover Maserati M182).
- focus on production set-up through investments in fully automated assembly lines for which the technical department has followed the industrialisation from the design stages to the SOP;
- Confirmation of the strategic product development plan for the “strategic” product families in the cooling circuit sector (pumps, ECF System, aesthetic and functional covers).
- Supplier panel review strategy was developed and consolidated in the field of tooling and assembly lines.
- development and tooling of projects in the industrialisation phase with the main customers of the Company;

To support the acquisition of new products and modifications of existing ones, RFQs have been managed, preparing technical reviews and elaborating estimates in the various project phases and in the various scenarios proposed by the main customers.

With particular reference to the set-up and validation activities of the new production plant (in Grugliasco) nearing completion in May 2021, the technical body was part of the inter-functional team of EE (Manufacturing, Quality Supply Chain, Project Management) assisting the plant relocation activities, through the support to the Quality and Manufacturing bodies in obtaining the "approval to produce" following the process re-qualifications on all products in operation, as required by the quality standards and industry best practices.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.
As required by OIC 12.130 and art. 2427, para. 1, point 22-bis of the Italian Civil Code, it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates recorded under current assets

Description	FY 2021	FY 2020	Change
from parent companies	55,335	237,248	(181,913)
to fellow subsidiaries	159,209	468,593	(309,384)
Total	*214,544*	*705,841*	*(491,297)*

The amounts receivable from the parent company (€ 55,335) reflect the tax advance paid to Endurance Overseas S.r.l. during the year, in the context of the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act (TUIR), to the extent that it exceeds the actual tax charge for the year.
Receivables from fellow companies refer to trade receivables from Endurance S.p.A. (€ 147,852 at 31 March 2021), Endurance Castings S.p.A. (€ 1,086) and Endurance Amann GmbH (€ 10,271).

Payables to and loans from affiliates

Description	FY 2021	FY 2020	Change
due to parent companies	33,127	102,935	69,808-
payables due to fellow subsidiaries	1,492	1,257	235
Total	*34,619*	*104,192*	*(69,573)*

Payables due to parent companies at 31 March 2021 (€ 33,127) include trade payables for administrative, financial and support services provided by the parent company to Group companies (under specific service agreements settled on arm's-length terms).

Payables due to fellow subsidiaries comprise trade payables due to Endurance S.p.A.

Treasury shares

Pursuant to arts. 2435 bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year.

Shares/quotas in the parent company

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

Business outlook

The year just ended was heavily influenced by the effects that the restrictions and the Covid 19 pandemic had on people's living conditions and therefore on the general market situation and on the Company's activities.

The steady implementation of the vaccination plan should, even in Europe, result in a gradual improvement in the epidemiological picture, due to the achievement of herd immunity, as shown by the contagion trends in those countries with greater access to vaccine doses, especially for the categories most at risk

The exceptional action plans announced by many countries, now at the approval stage by the respective bodies, should improve the macroeconomic outlook even further, with positive effects on employment and, consequently, on consumption and GDP. Based on these expectations, the global economy should grow according to OECD estimates by 5.6% in 2021 and 4.0% in 2022, with the Euro area contributing +3.9% in 2021 and +3.8% in 2022.

The more favourable external prospects should therefore lead to an improvement in the demand for motor vehicles with a positive effect on the value of the output expected for the Group.

The operating conditions will in any case remain very demanding due to the organisational complexities caused by prudent management of the risks deriving from Covid 19, which we will still have to contend with, albeit in situation that is expected to gradually improve.

However. it is appropriate to remember the risk of an upsurge in contagion that might result from the appearance of virus variants capable of circumventing the effects of the vaccines. Additionally, economic overheating might derive from excessive monetary and governmental incentives, with the creation of inflation and a rise in the interest rate curves in financial markets.

The resources available will also make it possible to face without difficulty, and certainly for the next 12 months, any procrastination of the most adverse conditions that may continue or reappear due to the health emergency. At time of preparing these financial statements, the Company has not made recourse to moratoria, deferrals or any of the other solutions made available to assist liquidity, as the available cash balances are sufficient considering the routine support provided by financial partners.

The planned investment programmes will continue to be implemented on the basis of customer requests, also completing the programme for moving the activities to Grugliasco. Important benefits are expected to be gained from this, against which we believe we can achieve positive results in the next financial year, providing there are no other serious external shocks.

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

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

Conclusion

Quotaholders,

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

- to approve the financial statements at March 31st, 2021, together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Turin, May 13th, 2021

For the Board of Directors
The Managing Director

Fabrizio Rebuffo

General information on the company

Company data

Name:	ENDURANCE ENGINEERING SRL
Registered office:	STRADA DEL CASCINOTTO 135/A TURIN (TO)
Quota capital:	100,000.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	11081890011
Tax code:	11081890011
REA Number:	1186114
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended March 31st, 2021

Balance sheet

	March 31st, 2021	March 31st, 2020
Assets		
B) Fixed assets		
I - Intangible assets	-	-
3) industrial patent rights and intellectual property rights	9,338	4,739
6) assets in process of formation and advance payments	287,569	-
7) other	194,196	28,901
Total intangible assets	*491,103*	*33,640*
II - Tangible fixed assets	-	-
1) land and buildings	25,974	32,741
2) plant and machinery	640,855	636,602
3) industrial and commercial equipment	130,098	180,902
4) other assets	41,627	51,960

	March 31st, 2021	March 31st, 2020
5) assets under construction and advance payments	209,750	-
Total tangible fixed assets	*1,048,304*	*902,205*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	5	5
Total equity investments	*5*	*5*
Total financial fixed assets	*5*	*5*
Total fixed assets (B)	*1,539,412*	*935,850*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	874,652	748,302
2) work in process and semi-finished products	61,068	45,006
4) finished products and goods	1,301,711	1,071,514
Total inventories	*2,237,431*	*1,864,822*
II - Receivables	-	-
1) from customers	1,112,634	1,092,248
due within one year	1,112,634	1,092,248
4) from parent companies	55,335	237,248
due within one year	55,335	237,248
5) fellow subsidiaries	148,938	468,593
due within one year	148,938	468,593
5-bis) tax receivables	142,735	71,083
due within one year	142,735	71,083
5-ter) deferred tax assets	386,545	501,286
5-quarter) from others	110,657	381,113
due within one year	99,157	359,533
due beyond one year	11,500	21,580
Total receivables	*1,956,844*	*2,751,571*
III - Current financial assets	-	-
treasury management assets	1,151,083	1,241,562
Total current financial assets	*1,151,083*	*1,241,562*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	3,479,551	4,909,402
3) cash on hand	22	996
Total cash and cash equivalents	*3,479,573*	*4,910,398*
Total current assets (C)	*8,824,931*	*10,768,353*
D) Accrued income and prepaid expenses	**73,277**	**78,375**
Total assets	*10,437,620*	*11,782,578*

	March 31st, 2021	March 31st, 2020
Liabilities and quotaholders' equity		
A) Quotaholders' equity	**5,318,290**	**5,695,109**
I - Quota capital	100,000	100,000
IV - Legal reserve	20,000	20,000
VI - Other distinctly indicated reserves	-	-
Paid in for future capital increase	1,900,000	1,900,000
Total other reserves	*1,900,000*	*1,900,000*
VIII - Retained earnings (accumulated losses)	2,675,109	2,391,708
IX - Net income (loss) for the year	623,181	1,283,401
Total quotaholders' equity	5,318,290	5,695,109
B) Provision for risks and charges		
3) derivative financial instruments	2,117	3,167
4) Other	-	350,000
Total provisions for risks and charges	*2,117*	*353,167*
C) Employee termination indemnities	**230,466**	**226,366**
D) Payables		
4) due to banks	1,308,539	1,954,501
due within one year	652,833	645,962
due beyond one year	655,706	1,308,539
7) trade payables	2,880,153	2,813,873
due within one year	2,880,153	2,813,873
11) due to parent companies	33,127	102,935
due within one year	33,127	102,935
11-bis) due to fellow subsidiaries	1,492	1,257
due within one year	1,492	1,257
12) tax payables	62,376	11,918
due within one year	62,376	11,918
13) due to pension and social security institutions	154,879	152,094
due within one year	154,879	152,094
14) other payables	431,868	447,502
due within one year	431,868	447,502
Total payables	*4,872,434*	*5,484,080*
E) Accrued expenses and deferred income	**14,313**	**23,856**
Total liabilities and quotaholders' equity	*10,437,620*	*11,782,578*

Income statement

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Value of production		
1) revenues from sales of goods and services	9,684,039	14,506,794
2) Change in inventories of work in progress, semi-finished and finished products	329,836	373,831
5) other income and revenues	-	-
operating grants	20,469	9,542
other	79,063	50,558
Total other income and revenues	*99,532*	*60,100*
Total value of production	*10,113,407*	*14,940,725*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	4,625,786	7,084,553
7) services	1,254,946	1,739,918
8) lease and rental charges	252,679	313,047
9) payroll	-	-
a) wages and salaries	1,903,077	2,541,102
b) social contributions	523,262	637,420
c) termination indemnities	133,472	138,740
e) other costs	18,879	1,974
Total payroll costs	*2,578,690*	*3,319,236*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	37,071	16,422
b) depreciation of tangible fixed assets	341,385	270,400
d) writedowns of current receivables and liquid funds	20,819	-
Total depreciation, amortisation and writedowns	*399,275*	*286,822*
11) Change in inventory of raw and ancillary materials, consumables and goods	(42,772)	279,423
14) other operating expenses	66,925	68,396
Total cost of production	*9,135,529*	*13,091,395*
Difference between production value and cost (A - B)	**977,878**	**1,849,330**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
other	18	63
Total income other than the above	*18*	*63*
Total other financial income	*18*	*63*
17) interest and other financial charges	-	-
other	35,901	41,245
Total interest and other financial charges	*35,901*	*41,245*
Total financial income and charges (15+16-17+-17-bis)	*(35,883)*	*(41,182)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	1,050	-
Total revaluations	*1,050*	-

	Year ended March 31st, 2021	Year ended March 31st, 2020
19) writedowns	-	-
d) of financial derivatives	-	3,167
Total writedowns	*-*	*3,167*
Total adjustments to financial assets and liabilities (18-19)	*1,050*	*(3,167)*
Result before taxes (A-B+-C+-D)	**943,045**	**1,804,981**
20) Income taxes for the year, current and deferred		
current taxation	205,124	509,006
deferred taxation	114,740	12,574
Total income taxes for the year, current and deferred	*319,864*	*521,580*
21) Net income (loss) for the year	**623,181**	**1,283,401**

Statement of cash flow (indirect method)

	Year ended March 31st, 2021	Year ended March 31st, 2020
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	623,181	1,283,401
Taxation	319,864	521,580
Interest expense/(interest income)	35,883	41,182
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*978,928*	*1,846,163*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	3,853	6,935
Depreciation and amortisation of fixed assets	378,456	286,822
Writedowns for permanent losses	20,819	
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements		3,167
Total adjustments for non-cash items that had no contra-entry in net working capital	*403,128*	*296,924*
2) Cash flow before changes in net working capital	*1,382,056*	*2,143,087*
Change in net working capital		
Decrease/(Increase) in inventory	(372,609)	(94,407)
Decrease/(Increase) in trade receivables	278,450	(139,730)
Increase/(Decrease) in trade payables	(3,293)	403,725
Decrease/(Increase) in prepaid expenses and accrued income	5,098	55,549
Increase/(Decrease) in accrued expenses and deferred income	(9,543)	(21,340)
Other decreases/(Other Increases) in net working capital	215,500	(105,715)
Total changes in net working capital	*113,603*	*98,082*
3) Cash flow after changes in net working capital	*1,495,659*	*2,241,169*
Other adjustments		
Interest collected/(paid)	(35,883)	(41,182)
(Income taxes paid)	(2,297)	(870,418)
(Use of provisions)	(350,803)	(35,043)

	Year ended March 31st, 2021	Year ended March 31st, 2020
Total other adjustments	*(388,983)*	*(946,643)*
Cash flow from operating activities (A)	***1,106,676***	***1,294,526***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(494,534)	(29,795)
Intangible assets		
(Investments)	(487,484)	(15,773)
Financial fixed assets		
Disposals		500
Current financial assets		
Disposals	90,479	2,213,796
Cash flow from investing activities (B)	***(891,539)***	***2,168,728***
C) Cash flows from financing activities		
Third-party funds		
New loans		1,000,000
(Repayment of loans)	(645,962)	(580,720)
Own funds		
(Dividends and interim dividends paid)	(1,000,000)	
Cash flow from financing activities (C)	***(1,645,962)***	***419,280***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(1,430,825)***	***3,882,534***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	4,909,402	1,027,157
Cash on hand	996	707
Total cash and cash equivalents at the beginning of the year	4,910,398	1,027,864
Cash and cash equivalents at the end of the year		
Bank and postal deposits	3,479,551	4,909,402
Cash on hand	22	996
Total cash and cash equivalents at the end of the year	3,479,573	4,910,398

Information on the statement of cash flows

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

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

The "Increase (Decrease) in current financial assets" relates to the change in the treasury management (cash pooling) account managed by Endurance Overseas S.r.l., which decreased during the year by € 90,479.

Explanatory notes, first part

Quotaholders, These explanatory notes are an integral part of the financial statements for the year ended March 31st, 2021.

The financial statements submitted for your approval report net income of € 623,181, after taxes of € 319,864 and depreciation, amortisation and writedowns of € 399,275.

Form and content of the financial statements

The financial statements at March 31st, 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

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

The pandemic emergency caused by the spread of the Covid-19 virus continued during the year, affecting the economic performance of the global economy and forcing the Company to restrict and, at times, suspend activities in accordance with measures adopted by the authorities that were particularly strict during the first quarter of the financial year. These measures also affected the registration of new motorcycles and therefore demand for the goods and services provided by the Company.

Recent government measures and those due to be introduced, together with the steady progress made on implementing the vaccination plan, provide encouragement that an upturn will occur, although this is not imminent.

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

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

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

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. The financial statements have been prepared on a consistent basis with the accounting policies applied the previous year.

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

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

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

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

Amounts are stated in whole euro, unless specified otherwise.

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

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement. With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

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

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

Changes in accounting policies

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

Comparability and compliance issues

Pursuant to art. 2423 ter of the Civil Code, we can confirm that all financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

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

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

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

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

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

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

Start-up and expansion costs have been capitalised as they involve long-term benefits; these costs are amortised over a period that does not exceed five years.

"Concessions, licences, trademarks and similar rights" mainly include capitalised costs for the purchase of software.

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

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

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

Tangible fixed assets

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

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

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

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

Tangible fixed asset items	Depreciation rate
Temporary constructions	10.00%
General plant	7.50%
Specific machinery	12.50%
Sundry and minor equipment	12.50%
Motor cars	25.00%
Internal transport vehicles	20.00%
Electronic office machines	20.00%
Furniture and shelving	12.00% - 12.50%
Assets costing less than € 516.46	100.00%

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

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

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

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

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

Impairment (intangible assets and tangible fixed assets)

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

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

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

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

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment. Debt securities are measured using the amortised cost method.

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

The amortised cost of a security is its original carrying amount, net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value. The original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

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

Inventories

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

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

- Raw materials: annual weighted average cost.
- Work in process (semi-finished products): specific cost with the weighted average cost approach based on the stage of completion of the production process, which represents the cost of production.

- Finished products: specific cost with the weighted average cost approach.
- Dies for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

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

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

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

Receivables

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

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

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

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

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

Cash and cash equivalents

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

Accruals and deferrals

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

Provisions for risks and charges

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

Employee termination indemnities

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

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

Payables

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

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

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

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

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

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

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

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

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

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

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

Revenues

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

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

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

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

Costs

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

Dividends

Dividends are recognised in the year in which they are declared by the quotaholders' meeting.

Financial income and charges

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

Taxation

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

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

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

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

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

Also for the year under review the Company forms part of the Endurance domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.)

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

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

Translation of foreign currency items

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

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

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

Other information

Repurchase agreements

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

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 491,103 at March 31st, 2021, after charging amortisation of € 37,071 to the income statement.

Movements in intangible assets

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

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Balance at the beginning of the year						
Cost	2,788	50,726	1,800,000	-	425,047	2,278,561
Amortisation (Accumulated amortisation)	2,788	45,987	1,620,000	-	396,146	2,064,921
Writedowns	-	-	180,000	-	-	180,000
Carrying amount	-	4,739	-	-	28,901	33,640
Changes during the year						
Additions	-	7,000	-	287,569	199,965	494,534
Amortisation for the year	-	2,401	-	-	34,670	37,071
Total changes	*-*	*4,599*	*-*	*287,569*	*165,295*	*457,463*
Carrying amount at the end of the year						
Cost	2,788	57,726	1,800,000	287,569	625,012	2,773,095
Amortisation (Accumulated amortisation)	2,788	48,388	1,620,000	-	430,816	2,101,992
Writedowns	-	-	180,000	-	-	180,000
Carrying amount	-	9,338	-	287,569	194,196	491,103

The increases recorded during the year for a total of € 494,534 refer mainly to expenses incurred for interventions and improvements made on third-party assets and advances for adaptive interventions of the new plant where the Company will be established from next year, as well as to the purchase of software to a residual extent.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. The adjustment of goodwill in prior years (fully amortised at March 31st, 2019), indicated in the above table, was not a reflection of impairment, but rather of a change in its useful life following a revision of the expected time needed to develop the business, as mentioned previously.

Tangible fixed assets

Gross tangible fixed assets total € 2,754,566 at March 31st, 2021; the related accumulated depreciation totals € 1,706,262, including the depreciation charge for the year of € 341,385.

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	67,674	1,597,787	438,276	188,928	-	2,292,665
Amortisation (Accumulated amortisation)	34,933	961,185	257,374	136,968	-	1,390,460
Carrying amount	32,741	636,602	180,902	51,960	-	902,205
Changes during the year						
Additions	-	268,243	4,264	5,227	209,750	487,484
Amortisation for the year	6,767	263,990	55,068	15,560	-	341,385
Total changes	*(6,767)*	*4,253*	*(50,804)*	*(10,333)*	*209,750*	*146,099*
Carrying amount at the end of the year						
Cost	67,674	1,866,030	442,540	168,572	209,750	2,754,566
Amortisation (Accumulated amortisation)	41,700	1,225,175	312,442	126,945	-	1,706,262
Carrying amount	25,974	640,855	130,098	41,627	209,750	1,048,304

The increases recorded during the year refer to purchases and advances for the modernization of production lines.

With specific reference to the assessment of the impairment indicators resulting from the health emergency, in response also to the request of the group to which they belong, a careful analysis of the prospective financial flows was made and, on the basis of the information currently available, we reached the conclusion that it was not necessary to make any write-downs pursuant to art. 2426 paragraph 1.3 of the Italian Civil Code as the presence of indicators of potential impairment of tangible fixed assets was assessed, without identifying any, as required by OIC 9.

Finance leases

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

Financial fixed assets

All the equity investments recorded in the financial statements are stated at cost, where cost is intended to be the expense incurred for the purchase, regardless of the manner of payment, comprising any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.).

The value of the investments recorded in the financial statements, equal to € 5 (unchanged with respect to the previous year) refers to consortium shares.

Current assets

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

Inventories

Inventories amount to € 2,237,431 at March 31st, 2021 (€ 1,864,822 at March 31st, 2029) and are stated net of an allowance for obsolete and slow-moving items totalling € 84,418, which was utilised for € 29,444 during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	748,302	126,350	874,652
Work in process and semi-finished products	45,006	16,062	61,068

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Finished products and goods	1,071,514	230,197	1,301,711
Total	*1,864,822*	*372,609*	*2,237,431*

The market value of inventories has not fallen below their individual carrying amounts as a result of Covid-19 or the cancellation of sales orders.

Current receivables

They total € 1,956,844 at March 31st, 2021 and have decreased since March 31st, 2020 (€ 2,751,571), as shown in the following table.

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

Changes and maturities of current receivables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	1,092,248	20,386	1,112,634	1,112,634	-
Receivables due from parent companies	237,248	(181,913)	55,335	55,335	-
Receivables due from fellow subsidiaries	468,593	(319,655)	148,938	148,938	-
Tax receivables	71,083	71,652	142,735	142,735	-
Deferred tax assets	501,286	(114,741)	386,545	-	-
Other receivables	381,113	(270,456)	110,657	99,157	11,500
Total	**2,751,571**	**(794,727)**	**1,956,844**	**1,558,799**	**11,500**

The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 23,432, which has increased by € 20,819 since last year). With specific reference to the current healthcare emergency, it is confirmed that there are no particular credit collection issues.

The receivables due from parent companies (€ 55,355) reflect the tax advance paid to Endurance Overseas S.r.l. during the year, in the context of the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act (TUIR), to the extent that it exceeds the actual tax charge for the year.

The amount receivable from fellow subsidiaries (€ 148,938 at March 31st, 2021) relates to the trade receivables due from Endurance S.p.A. and Endurance Castings S.p.A.

Tax receivables (€ 142,735 as of March 31st, 2021) refer for € 109,533 to the balance for recoverable VAT and for € 33,202 to the balance between IRAP payable for the year and the amount paid as an advance.

Deferred tax assets (€ 386,545 as of March 31st, 2021) mainly relate to temporary differences between the statutory accounts bases and the tax bases of the carrying amount of goodwill and the deductibility of provisions for risks and writedowns recognised in prior years.

Other receivables (€ 110,657 as of March 31st, 2021) include, among other things, advances to suppliers (€ 99,400), guarantee deposits (€ 11,500, classified as non-current receivables) and various other amounts due.

Breakdown of current receivables by geographical area

A breakdown by geographical area of receivables has not been provided as the information is not significant, given that almost all receivables are due from domestic customers.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets".

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Treasury management assets	1,241,562	(90,479)	1,151,083
Total	*1,241,562*	*(90,479)*	*1,151,083*

The item refers to the positive balance due from the parent company Endurance Overseas S.r.l. as of March 31st, 2021, pursuant to the current cash pooling contracts.

Cash and cash equivalents

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	4,909,402	(1,429,851)	3,479,551
Cash on hand	996	(974)	22
Total	*4,910,398*	*(1,430,825)*	*3,479,573*

This item principally comprises the balance on bank current accounts at March 31st, 2021.

See the statement of cash flows for further analysis of the changes during the year

Prepaid expenses and accrued income

Prepaid expenses at March 31st, 2021 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Prepaid expenses	78,375	(5,098)	73,277
Total prepaid expenses and accrued income	**78,375**	**(5,098)**	**73,277**

This item relates to prepaid rentals, services and insurance premiums.

Capitalised financial charges

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

Explanatory notes, liabilities and quotaholders' equity

Quotaholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Equity

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

Changes in quotaholders' equity items

The changes in the Company's equity items in the year prior to the year under review (as of March 31st, 2020) are as follows:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	100,000	-	-	100,000
Legal reserve	20,000	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	1,900,000
Retained earnings (accumulated losses)	1,221,050	1,170,658	-	2,391,708
Net income (loss) for the year	1,170,658	(1,170,658)	1,283,401	1,283,401
Total	**4,411,708**	**-**	**1,283,401**	**5,695,109**

The changes in the Company's equity items in the year under review, ended as of March 31st, 2021, are shown below.

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	100,000	-	-	-	100,000
Legal reserve	20,000	-	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	-	1,900,000
Retained earnings (accumulated losses)	2,391,708	-	283,401	-	2,675,109
Net income (loss) for the year	1,283,401	(1,000,000)	(283,401)	623,181	623,181
Total	**5,695,109**	**(1,000,000)**	**-**	**623,181**	**5,318,290**

Availability and use of quotaholders' equity

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

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	100,000	Capital		-
Legal reserve	20,000	Revenue	B	-
Paid in for future capital increase	1,900,000	Capital	A; B	-
Retained earnings (accumulated losses)	2,675,109	Capital	A; B; C	2,675,109
Total	**4,695,109**			**2,675,109**
Amount not distributable				386,545
Residual amount distributable				2,288,564
Key: A: for increase in capital; B: to cover losses; C: for distribution to the quotaholders; D: for other statutory requirements; E: other				

The non-distributable portion relates to the deferred tax asset that falls into the category of positive elements that are still to be realised.

Provisions for risks and charges

The following table analyses the changes in provisions (€ 2,117 at March 31st, 2021):

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Derivative financial instruments	3,167	1,050	(1,050)	2,117
Other provisions	350,000	350,000	(350,000)	-
Total	**353,167**	**351,050**	**(351,050)**	**2,117**

Derivative financial instruments reflect the negative difference arising on the mark-to-market adjustment of derivatives at the reporting date.

The item other provisions was released for events that occurred during the year which led to the updating of the estimate of the potential liability from risks of various kinds (commercial, tax, environmental, labour law, etc.).

Employee termination indemnities

Changes in the provision for employee termination indemnities are shown in the following table.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Total	Carrying amount at the end of the year
Employee termination indemnity (TFR)	226,366	4,100	4,100	230,466
Total	**226,366**	**4,100**	**4,100**	**230,466**

The provision shown in the table relates entirely to revaluation of the provision for employee termination indemnities (TFR fund) still held by the Company. The majority of the charge to the income statement (item B9 c)) relates to current termination indemnities earned and allocated to the INPS treasury fund, Previndai, Fondo Cometa and the supplementary pension funds chosen, where applicable, by the employees concerned.

Payables

Payables total € 4,872,434 at March 31st, 2021 (€ 5,484,080 at March 31st, 2020).

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

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	1,954,501	(645,962)	1,308,539	652,833	655,706
Trade payables	2,813,873	66,280	2,880,153	2,880,153	-
Due to parent companies	102,935	(69,808)	33,127	33,127	-
Due to fellow subsidiaries	1,257	235	1,492	1,492	-
Taxation payable	11,918	50,458	62,376	62,376	-
Due to pension and social security institutions	152,094	2,785	154,879	154,879	-
Other payables	447,502	(15,634)	431,868	431,868	-
Total	**5,484,080**	**(611,646)**	**4,872,434**	**4,216,728**	**655,706**

Amounts due to banks include both the current portion (€ 652,833) and the portion due beyond 12 months (€ 655,706) of loans obtained from major banks.

The reduction recorded compared with the previous year is determined by the effect of the repayments made on contractual maturities during the year for a nominal value of € 647,786 and the change in the impact of the adjustment of liabilities at amortised cost (which at March 31st, 2021 led to a decrease in the nominal value of liabilities for € 1,824).

The following is a breakdown of medium-term loans:

Bank	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at March 31st, 2021	Within one year	Beyond one year
UBI (*)	2,000,000	29/01/2018 - 5	568,337	250,721	317,616
UNICREDIT (*)	1,000,000	19/04/2019 - 4	742,026	403,477	338,549
Amortised cost adjustment			(1,824)	(1,365)	(459)
Total	**3,000,000**		**1,308,539**	**652,833**	**655,706**

(*) Financial payables recognised using the amortised cost method.

Payables due to parent companies at March 31st, 2021 total € 33,127, and trade payables for administrative, financial and support services provided by the parent company to Group companies (under specific service agreements settled on arm's-length terms).

Payables due to fellow subsidiaries include trade amounts due to Endurance S.p.A.

Other payables mainly include the amount due to employees for wages and salaries to be paid and accrued deferred remuneration (€ 402,632), as well as advances from customers (€ 19,500) and sundry payables.

There have not been any changes to amounts payable or the related payment terms as a consequence of the Covid-19 pandemic, or any violations of the related contractual clauses.

Debt secured by collateral on company assets

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

Loans from quotaholders

The company has not received any loans from its quotaholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	23,856	(9,543)	14,313
Total accrued expenses and deferred income	**23,856**	**(9,543)**	**14,313**

Deferred income includes the portion of grants and income pertaining to future periods. Grants relate to the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years.

Explanatory notes, income statement

The income statement reports the results for the year.

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

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

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

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

Value of production

The value of production during 2020/2021 is analysed below on a comparative basis

Description	Year 2020/2021	Year 2019/2020	Change
Revenues from sales of goods and services	9,684,039	14,506,794	(4,822,755)
Changes in inventories of work in progress, semi-finished and finished products	329,836	373,831	(43,995)
Other revenues	99,532	60,100	39,432
Total	**10,113,407**	**14,940,725**	**(4,827,318)**

Sales revenues show a decrease compared with the previous year due to the effects of the health emergency on the automotive market which characterised the year and for the termination of supply relationships with Johnson Electric.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area

Geographical area	Year 2020/2021	Year 2019/2020
ITALY	9,489,205	13,932,128
OTHER EUROPEAN COUNTRIES	118,191	494,607
NON-EU COUNTRIES	76,643	80,059
Total	**9,684,039**	**14,506,794**

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	Year 2020/2021	Year 2019/2020	Change
Cost of raw and ancillary materials, consumables and goods for resale	4,625,786	7,084,553	(2,458,767)
Cost of services	1,254,946	1,739,918	(484,972)
Lease and rental charges	252,679	313,047	(60,368)
Payroll costs			
Wages and salaries	1,903,077	2,541,102	(638,025)
Social contributions	523,262	637,420	(114,158)
Employee termination indemnity	133,472	138,740	(5,268)
Other costs	18,879	1,974	16,905
Amortisation of intangible assets	37,071	16,422	20,649
Depreciation of tangible fixed assets	341,385	270,400	70,985
Change in inventory of raw and ancillary materials, consumables and goods	(42,772)	279,423	(322,195)
Writedown of receivables included in current assets	20,819	-	20,819
Other operating expenses	66,925	68,396	(1,471)
Total	**9,135,529**	**13,091,395**	**(3,955,866)**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

These items decreased compared with the previous year following the reduction in the value of production. Specifically, the reduction was equal to -38% for the consumption of materials (considering jointly purchases and changes in inventories of raw materials, consumables and goods) and -28% for services.

Payroll costs

This item (which has gone down by 22% approximately, compared with the previous year) comprises the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7).

Depreciation, amortisation and provisions

Depreciation and amortisation increased compared with the previous year and reflects the increases intangible and tangible assets made during the year.

Other operating expenses

This item is substantially the same as last year.

The trends described show a significant decrease in operating costs which made it possible to maintain a profitable operating margin from the Company's core business despite the crisis in the automotive sector and the pandemic emergency that characterised the year.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Composition of income from equity investments

There has been no income from equity investments as indicated by paragraph 15 of Art. 2425 of the Italian Civil Code.

Breakdown of interest and other financial charges by type of payable

The following table provides details of interest and other financial charges as required by paragraph 17 of Art. 2425 of the Italian Civil Code, with specific details of costs relating to bonds, to amounts due to banks and to other charges.

	Due to banks	Other	Total
Interest and other financial charges	33,622	2,279	35,901

Other financial charges mainly relate to the effect of applying the amortised cost method for the measurement of receivables and payables

Adjustments to financial assets and liabilities

The adjustments to financial assets and liabilities reflect the change in the fair value of the derivative instruments used by the Company to mitigate the risk of interest-rate fluctuations in relation to the financial payables outstanding.

Amount and nature of revenues/costs of individual significance

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

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

Income taxes for the year, current and deferred

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

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

	Year 2020/2021	Year 2019/2020
Income taxes	**319,864**	**521,580**
Current taxation		
of which: IRES for the year (current)	181,918	418,606
of which: IRAP for the year (current)	23,206	94,013
of which: Taxation relating to prior years	-	(3,613)
Net change in deferred taxation	114,740	12,574

Deferred tax assets set aside in previous years for various types of risks, goodwill and other temporary differences were released during the year.

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	420,718	418,431
Total taxable temporary differences	10,629	-
Net temporary differences	(410,089)	(418,431)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(432,511)	(68,775)
Deferred tax liability (assets) of the year	98,421	16,319
Provision for deferred tax liability (assets) at the end of the year	(334,090)	(52,456)

Explanatory notes, other information

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

Employment data

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

	Executives	Middle managers / White collar	Blue collar	Total employees
Year 2020/2021	1	13	44	58
Year 2019/2020	1	13	47	61

The Company employs 57 people at March 31st, 2021.

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

No fees were paid to directors in the financial year 2020/2021.

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the independent auditor (or firm of auditors) for the audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Total fees earned by the independent auditor or auditing firm
Amount	8,000	8,000

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly.

Categories of shares issued by the Company

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

Securities issued by the company

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

Details on other financial instruments issued by the Company

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

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

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

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

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

Loans for a specific business project

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

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

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

Information about significant events arising subsequent to the reporting date

The painful events associated with the spread of Covid-19 and the exceptional restrictive measures for its containment adopted by the public authorities as a consequence, considering both their nature and extent, have had both direct and indirect repercussions for economic activity and have created generalised uncertainty, the outcome and effects of which cannot be readily foreseen at this time. Even so, a steady recovery is expected with respect to the levels of activity experienced in 2020, although this depends very much on the measures adopted to contain the pandemic and the implementation of a widespread and effective vaccination plan.

At present, the effects of the coronavirus epidemic are not expected to have an impact on business continuity.

The potential effects of this phenomenon on the financial statements cannot however be determined with absolute certainty; nevertheless, business activity is expected to grow as a result of both internal actions and the measures adopted by the government to tackle the pandemic.

It is also worth noting the substantial completion of the relocation of the Company's activity to the Grugliasco plant in via Morandi 9 and the simultaneous relocation of the registered office.

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

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

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

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

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

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

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

Type of contract	Number of contracts	Original notional value	Notional value at March 31st, 2021
Interest rate Swap	1	500,000	284,169
TOTAL			**284,169**

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at March 31st, 2020 (fixed on March 29th, 2020) was 82.8985 (77.7190 at March 31st, 2019) - (source www.ecb.europa.eu):

Balance sheet	Year ended March 31st 2020	Year ended March 31st 2019
Assets		
Non-current assets		
Fixed assets, net	15,396.06	12,629.37
Investments and other non-current assets	4,826.73	5,900.00
Current assets	9,605.88	11,022.75
Activities held for sale	-	33.37
Total Assets	**29,828.67**	**29,585.49**

Balance sheet	Year ended March 31st 2020	Year ended March 31st 2019
Liabilities and quotaholders' equity		
Equity	**23,167.64**	**20,799.50**
Non-current liabilities		
Non-current financial liabilities	42.84	29.78
Other non-current liabilities	339.39	265.65
Current liabilities		
Current financial liabilities	5,643.49	7,738.02
Other current liabilities	635.31	752.54
Total liabilities and quotaholders' equity	**29,828.67**	**29,585.49**

Income Statement	Year ended March 31st 2020	Year ended March 31st 2019
Revenues	**49,747.57**	**54,336.82**
Operating costs	41,962.53	46,854.49
Depreciation and amortisation	1,992.48	1,756.98
Financial charges	108.15	170.73
Non-recurring income/(expense)	-	(208.00)
Income before tax	**5,684.41**	**5,346.62**
Taxation for the year (current and deferred)	1,407.49	1,768.01
Income (loss) for the year	**4,276.92**	**3,578.61**
OCI - Other comprehensive income	(43.44)	(23.39)
Total statement of comprehensive income	**4,233.48**	**3,555.22**

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

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

Starting from the 2018 financial statements, art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

In consideration of the fact that this provision has raised question of interpretation and application that are still unresolved, the Company has carried out investigations and, also in the light of the latest guidelines, considers that they do not fall within the scope of the disclosure requirement:

- general measures that can be used by all companies in application of current tax laws; such as the so-called ACE (aid for economic growth) or the benefits recorded in relation to the accrual of tax credits for investments in business assets (such as Legislative Decree No. 91/2014, the so-called "Tremonti-quarter", for which the Company recorded income for the year of € 9,542, without any impact in terms of cash flows).

Proposed allocation of profits or coverage of losses

Quotaholders, in light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 623,181 to "retained earnings (accumulated losses)".

Explanatory notes, closing section

Quotaholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended 31/03/2021, together with the proposed allocation of net income, as submitted by the Board of Directors.

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

Turin, 13 May 2021

For the Board of Directors

The Managing Director

Fabrizio Rebuffo

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

Tel: +39 011 55971
www.deloitte.it

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

To the Sole Quotaholder of
Endurance Engineering S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Engineering S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2021, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Engineering S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Engineering S.r.l. does not extend to such data.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Engineering S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Engineering S.r.l. as at March 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 18, 2021

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE CASTINGS SPA

Head office: CONCA D'ORO 14 - 14/A BIONE (BRESCIA)
Tax Code and Brescia Companies Register no. 00293110177

BRESCIA Chamber of Commerce (REA) no. 55600
Share capital: € 900,000.00 subscribed and fully paid
VAT Number: 00551150980
Sole shareholder company
Management policy and coordination: ENDURANCE TECHNOLOGIES LTD

Report on operations

Financial statements at March 31st, 2021

Dear Shareholders,
The explanatory notes provide disclosures on the financial statements for the year ended March 31st, 2021. In accordance with art. 2428 of the Italian Civil Code, this document provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Matters concerning the economy in general and the results of operations:

The year just ended was heavily conditioned by the effects of the Covid-19 pandemic on the global economy, due to the restrictions imposed and various impediments to the conduct of economic activities. The lockdowns and the restrictions placed on free movement by the authorities in order to keep contagion in check have had a serious effect on several sectors (travel and tourism, catering and personal services), while also depressing the wider economy by lowering disposable incomes and reducing the propensity to consume of households and citizens.

According to preliminary estimates released by the OECD, global gross domestic product (GDP) contracted by 3.4% in 2020, with declines in all major countries excluding China, which grew by 2.3%.

The 6.8% contraction in the Euro area was worse than the global average, as evidenced by the performance of Germany -5.3%, France -8.2%, Italy -8.9% and Spain -11.0%.

In this context, car registrations were severely curtailed, especially in the spring, due to the widespread lockdowns that basically suspended all selling activities. Registrations picked up subsequently, although below previous years, taking advantage of the increased propensity of consumers to avoid mass transport which was considered less safe, also thanks to public incentives to replace less ecological vehicles. In the period corresponding to the financial year (from April 2020 to March 2021) registrations dropped overall by -18.7%. Looking at the European and UK markets (-17.7% in just the EU) with a collapse in the first quarter (-52.5%), then stabilising at -6% in the second quarter, -8.3% in the third quarter and +0.7% in the last quarter. However these figures compare with a previous year already partially hit by the pandemic (in fact, the 87% rise in March 2021 compared with 2020 in real terms results in a -16% if compared with March 2019, which was not hit by Covid). Given that these were generalised effects, the declines affected all countries and all car manufacturers. The drop was particularly significant in Spain (-29.4%) and the UK (-24.9%). The VW group, the main manufacturer with almost a third of market share in the EU, recorded a drop in registrations of 17.9%, Renault one of -18.5%, BMW -11.3% and Daimler -19.9%. Stellantis, the new player born in January 2021 from the merger between PSA and FCA, achieved 9% growth in the EU in the first quarter of activity from the aggregation (although improper and only for indicative purposes, combining PSA and FCA data also in the periods prior to the merger, the annual figure would have shown a reduction in registrations of -26.5%). The other major car manufacturers had the following registrations in the last quarter of the year (January-April 2021): VW -1.4%, Renault -1.2%, BMW +8.6% and Daimler -9.1%.

P&C's vehicle production figures published by IHS MARKIT for calendar year 2020, down by 15.3% compared with overall registrations, show a contraction in world output of -16.9% (from 73.8 to 61.4 million vehicles) distributed in all the macro areas of the world: EU -23.3%, North America -20.4%, South America -34.2%, Asia -12.3%, Middle East and Africa - 12.3%. Within the European Union, Germany was the leading producer with an output of 3.4 million vehicles (albeit down 24.7% compared with the prior year), followed by Spain 1.8 million (-19.5%), the Czech Republic 1.1 million (-19.3%), Slovakia 0.9 million (-12.0%), France 0.9 million (-45.8%) and Italy 0.5 million (-13.2%).

In the same period, exports of vehicles from the European Union fell both in volume (-17.5%) and in value (-16.0%), while imports also fell in volume (-32.0%) and in value (-19.7%).

In 2020, the market share of traditional internal combustion vehicles stood at 75.5% of the EU market (petrol 47.5% and diesel 28.0%), while hybrid electric vehicles (HEVs) accounted for 11.9% and electrically-chargeable vehicles (ECVs) 10.5% of registrations.

In this market context, considering in particular the effects suffered during the first quarter due to the health emergency, the value of production fell by approximately 17.6%.

Industrial management of the Company saw production come to an almost total standstill in the first quarter, a slow recovery in the second quarter, followed by a third quarter working at over full capacity, driven by incentives and the replenishment of inventories by manufacturers. Despite the many difficulties, firstly due to the underutilisation (with the inevitable inefficiencies) and then to the overutilisation (with consequent extra costs) of the production factors, the net result was still positive, amounting to € 1.4 million or 4.9% of the value of production, with an EBITDA of approximately € 2.6 million.

The positive results made it possible to improve the Company's equity structure and overall financial resources, despite the investments made during the period and the distribution of dividends.

Key events

As mentioned previously, the Company has suffered the effects of the Covid 19 pandemic.

The preventive measures introduced, the recommendations promptly adopted and the efforts made by the entire organisation to avoid internal contagion, allowed to contain positivity cases to the virus, guaranteeing the safety of the workplace and thereby avoiding plant closures, except in cases imposed by national authorities.

Turning to the action taken at Group level, Endurance Castings S.p.A. reacted promptly to the extraordinary effects of the pandemic by taking steps to safeguard the health of all employees, as a priority objective, as well as to guarantee the continuity of production to the extent possible under appropriate safety conditions (purchase of PPE, reorganisation of operating procedures, interactions and movements within corporate facilities, as well as recourse - where practicable and applicable - to smart working for all professional roles).

In the first part of the year, the Company launched two new complete 1000 Ton die casting cells, funded by finance leases with Unicredit Leasing.

Management and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, it is confirmed that the Company belongs to the ENDURANCE Group (India) and is subject to management policy and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) India.

These management and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions have been made, influenced by the Company that carries out management control and coordination activities, that might require indication of the reasons and interests affecting them.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	FY 2021	%	FY 2020	%	Change	% change
CURRENT ASSETS	**18,919,163**	**74.56 %**	**15,245,862**	**68.57 %**	**3,673,301**	**24.09 %**
Immediate liquidity	**1,070,033**	**4.22 %**	**2,562,903**	**11.53 %**	**(1,492,870)**	**-58.25%**
Cash and cash equivalents	1,070,033	4.22 %	2,562,903	11.53 %	(1,492,870)	-58.25%
Deferred liquidity	**14,477,044**	**57.05 %**	**9,034,124**	**40.63 %**	**5,442,920**	**60.25%**
Current receivables included in working capital	7,047,766	27.77 %	5,843,465	26.28 %	1,204,301	20.61%
Current portion of non-current receivables	13,188	0.05 %	15,755	0.07 %	(2,567)	-16.29%
Financial assets	7,033,022	27.72 %	3,106,892	13.97 %	3,926,130	126.37%
Prepaid expenses and accrued income	383,068	1.51 %	68,012	0.31 %	315,056	463.24%
Inventories	3,372,086	13.29 %	3,648,835	16.41 %	(276,749)	(7.58) %
NON CURRENT ASSETS	**6,456,087**	**25.44 %**	**6,987,773**	**31.43 %**	**(531,686)**	**(7.61) %**
Intangible assets	-	-	975	-	(975)	(100.00) %
Tangible fixed assets	5,759,344	22.70 %	6,454,707	29.03 %	(695,363)	(10.77) %
Financial fixed assets	4,530	0.02 %	4,530	0.02 %	-	-
Non current portion of receivables included in working capital	692,213	2.73 %	527,561	2.37 %	164,652	31.21 %
TOTAL ASSETS	**25,375,250**	**100.00 %**	**22,233,635**	**100.00 %**	**3,141,615**	**14.13 %**

As regards the main changes in assets, there has been an increase in the balances of ready cash and short-term liquidity (current financial assets, represented by the centralized treasury balance), as well as the increase in the balances of short-term receivables, both from third-party customers and intercompany trade balances (with Endurance S.p.A. in particular).

Balance Sheet - Liabilities and Shareholder's Equity

Item	FY 2021	%	FY 2020	%	Change	% change
THIRD PARTIES SOURCES	**14,633,996**	**57.67 %**	**11,861,043**	**53.35 %**	**2,772,953**	**23.38 %**
Current liabilities	**12,931,229**	**50.96 %**	**10,105,415**	**45.45 %**	**2,825,814**	**27.96 %**
Current payables	12,258,935	48.31 %	9,379,965	42.19 %	2,878,970	30.69 %
Accrued expenses and deferred income	672,294	2.65 %	725,450	3.26 %	(53,156)	(7.33) %
Non-current liabilities	**1,702,767**	**6.71 %**	**1,755,628**	**7.90 %**	**(52,861)**	**(3.01) %**
Provision for risks and charges	1,460,859	5.76 %	1,471,342	6.62 %	(10,483)	(0.71) %
Employee termination indemnity	241,908	0.95 %	284,286	1.28 %	(42,378)	(14.91) %
EQUITY	**10,741,254**	**42.33 %**	**10,372,592**	**46.65 %**	**368,662**	**3.55 %**
Share capital	900,000	3.55 %	900,000	4.05 %	-	-
Reserves	6,973,062	27.48 %	6,973,062	31.36 %	-	-
Retained earnings (accumulated losses)	1,499,530	5.91 %	661,959	2.98 %	837,571	126.53 %
Net income (loss) for the year	1,368,662	5.39 %	1,837,571	8.26 %	(468,909)	(25.52) %
TOTAL SOURCES	**25,375,250**	**100.00 %**	**22,233,635**	**100.00 %**	**3,141,615**	**14.13 %**

Comparison of the liability balances highlights in particular the increase in the value of current trade payables (up by € 2.8 million), in relation to the change in the turnover recorded in the last quarter of the current year, compared with the corresponding period of the previous year, already significantly impacted by the slowdown caused by the spread of the first wave of the Covid-19 pandemic, which led to the interruption of the Company's activities in March 2020, as well as the transition to direct purchasing of raw materials for supplies to the Endurance Group (previously managed through processing agreements). It is worth noting the effect of the increase in shareholders' equity, following the combined effect of the positive result for the period (€ 1.4 million), net of the distribution of dividends (€ 1.0 million) to the parent company Endurance Overseas S.r.l.

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2021	FY 2020	% Change
Fixed asset coverage	185.93 %	160.17 %	16.08 %
Amounts payable to banks to working capital	4.53 %	5.35 %	(15.33) %
Debt ratio	1.36	1.14	19.30 %
Financial debt ratio	0.11	0.10	10.00 %
Equity to capital employed	42.33 %	46.65 %	(9.26) %
Financial charges to turnover	0.08 %	0.16 %	(50.00) %
Current ratio	146.31 %	150.87 %	(3.02) %
Fixed asset to equity capital margin	4,977,380.00	3,912,380.00	27.22 %
Primary coverage ratio	1.86	1.61	15.53 %
Fixed asset to equity capital and medium-long term debt margin	6,680,147.00	5,668,008.00	17.86 %
Secondary coverage ratio	2.16	1.88	14.89 %
Net working capital	5,987,934.00	5,140,447.00	16.49 %
Acid test margin	2,615,848.00	1,491,612.00	75.37 %
Acid test ratio	120.23 %	114.76 %	4.77 %

Statement of cash flows

Item	Year 2020-2021	Year 2019-2020
Cash and cash equivalents at beginning of period	**2,562,903**	**3,731,150**
a. Cash flows from operating activities	3,565,839	1,851,116
b. Cash flows from investing activities	(4,089,957)	(3,858,795)
c. Cash flows from financing activities	(968,752)	839,432
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(1,492,870)**	**(1,168,247)**
Cash and cash equivalents at end of period	**1,070,033**	**2,562,903**

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	FY 2021	%	FY 2020	%	Change	% change
VALUE OF PRODUCTION	**27,695,312**	**100.00%**	**32,584,188**	**100.00%**	**(4,888,876)**	**-15.00%**
- Consumption of raw materials	11,007,675	39.75%	11,182,124	34.32%	(174,449)	-1.56%
- General expenses	10,200,046	36.83%	13,124,992	40.28%	(2,924,946)	-22.29%
VALUE-ADDED	**6,487,591**	**23.42%**	**8,277,072**	**25.40%**	**(1,789,481)**	**-21.62%**
- Payroll costs	3,932,529	14.20%	4,690,373	14.39%	(757,844)	-16.16%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**2,555,062**	**9.23%**	**3,586,699**	**11.01%**	**(1,031,637)**	**-28.76%**
- Depreciation, amortisation and writedowns	825,591	2.98%	913,157	2.80%	(87,566)	-9.59%
- Other operating expenses	367,964	1.33%	256,197	0.79%	111,767	43.63%
INCOME BEFORE FINANCIAL ITEMS	**1,361,507**	**4.92%**	**2,417,345**	**7.42%**	**(1,055,838)**	**-43.68%**
+ Financial items	(20,116)	-0.07%	(41,073)	-0.13%	20,957	-51.02%
INCOME BEFORE TAX	**1,341,391**	**4.84%**	**2,376,272**	**7.29%**	**(1,034,881)**	**-43.55%**
- Taxation	(27,271)	-0.10%	538,701	1.65%	(565,972)	-105.06%
NET INCOME	**1,368,662**	**4.94%**	**1,837,571**	**5.64%**	**(468,909)**	**-25.52%**
EBITDA	**2,187,098**	**7.90%**	**3,330,502**	**10.22%**	**(1,143,404)**	**-34.33%**

The Company's economic performance in 2020/2021 was strongly influenced by the impact of the pandemic on the automotive market, which resulted in a contraction in volumes of approximately 15% of the value of production. With regard to operating costs, there was an overall reduction of approximately 13%, while other running costs followed the trend in turnover thanks to the measures taken by the Company to render them as flexible as possible. The combined effect of this led to a reduction in EBITDA compared with the previous year, which went from 10% to approximately 8%. However, this reduction was offset at the level of net income, partly due to the effect of tax benefits, particularly with reference to Industry 4.0 investments.

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2021	FY 2020	% Change
R.O.E.	12.74 %	17.72 %	(28.10) %
R.O.I.	4.48 %	6.82 %	(34.31) %
R.O.S.	4.95 %	7.44 %	(33.47) %
R.O.A.	5.37 %	10.87 %	(50.60) %

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy
Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.

In particular, general economic conditions were affected at the end of the year - with continuation likely in the coming months - by the recessionary effects of the global spread of the Covid-19 pandemic including, in particular, those on the propensity to consume and on the functioning of production and distribution chains. Although in anticipation of the consolidation of an economic recovery supported by the spread of means to manage and contrast the pandemic (containment measures, dissemination of vaccination campaigns, support for economic recovery provided for by national and EU financing plans), the current and future economic situation is still affected by uncertainty about the effectiveness of the measures being introduced, a condition that will inevitably have repercussions on end-customers' propensity to consume and on the production chain.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

<u>Credit Risks</u>

Given the nature of its main industrial activities - the production of engine components, gearboxes and other items for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to a broader base of end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.
Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates
The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment and safety

The Company dedicates special attention to ensuring that production and operating activities comply with the applicable regulations and international agreements, seeking to introduce and disseminate a culture that continuously improves environmental performance and the safety of products and processes, while also safeguarding personnel and installations.

General training on the environment and safety has been provided, as well as specific job-related safety sessions for employees and managers.

Work on installations and the infrastructure included the following principal actions:
(a) installation of safety fence in the smoke analysis area.
(b) installation of walkway with related access ladder on the warehouse roof, so that frequent emission samples can be taken.

(c) installation of filters, pumps and counters for rain water that runs off the diesel tank.
(d) continuation of work to replace part of the lighting with LED lamps;
(e) development of IT programs for managing the maintenance of environmental equipment;
(f) replacement of the sandblasting filter with a new, low-emissions unit.
(g) creation of a new box for the storage of mineral oils.
(h) installation of a new double chamber, vertical tank for the storage of brine prior to disposal.

In addition, on fire-safety matters, the emergency plan was updated and evacuation drills were carried out in all departments, covering every shift.

The Risk Assessment Document (DVR) was updated for matters concerning health surveillance and, in particular, the impact of the Covid-19 pandemic.

COVID-19: Practical precautionary measures introduced to allow activities to continue while safeguarding the health of workers

In order to help contain the spread of the Covid-19 pandemic and ensure the continuity of production under safe conditions for personnel, the Endurance Group adopted a "Corporate protocol governing measures to contain and tackle the spread of Covid-19 in the workplace" in March 2020. This was prepared pursuant to the protocol agreed between the government and the social partners on March 14th, 2020, as extended on April 24th, 2020.

In short, the following principal operational procedures were envisaged:
- provision of information to workers and third parties on arrival at production locations, containing necessary instructions for the protection of their health and safety;
- body temperature check on arrival at the Company and collection of declarations by employees and third parties confirming the absence of conditions that, by law, would restrict their movements or access to the premises;
- restriction of access to the premises by external persons (customers, suppliers, visitors etc.) to essential or urgent cases;
- introduction of specific procedures that minimise contacts with external personnel (drivers/transport operators at logistics firms);
- dissemination throughout the premises of recommendations from the Ministry of Health regarding the containment of infection risks;
- encouragement of safe distancing (1 m) at all times when working, supplemented - if the requirement cannot be applied - by the use of personal protective equipment (masks);
- measures to restrict numerical access to common areas (rest and eating areas, changing rooms);
- restriction of in-person meetings, with requirements to maintain social distancing of at least one metre and keep the rooms clean and ventilated;
- suspension/cancellation of all travel/business trips (unless absolutely essential);
- use of smart working whenever possible from an operational and technological standpoint;
- encouragement to use holiday time and paid leaves of absence, as supplemented by recourse to the social buffers due to the reduction or suspension of productive activities;
- increased frequency of cleaning and sanitisation activities and distribution/availability to personnel of detergents and sanitising gels; periodic deep sanitisation by specialists using products with greater cleansing power.

During the year, cases of Covid-19 were detected among employees of the Group (in no case with serious consequences). This meant applying the protocols and the responsible participation of employees in maintaining careful and precautionary behaviour, which has permitted effective management that has guaranteed production continuity at all operating sites and the mitigation of operational inefficiencies.

Information on personnel management

The workforce totals 73 employees at the end of the financial year from April 1st, 2020 to to March 31st, 2021, while the average during the year was 76.

During the twelve months of activity that make up the financial year ended March 31st, 2021, training activities were heavily influenced and drastically reduced due to the persistence of the pandemic risk that imposed and still imposes the need to avoid gatherings. We therefore limited ourselves to courses held and followed by a few people and/or remote courses. Despite the aforementioned limitations, we continued training in the manufacturing and staff sectors, with the aim, as far as possible, of following the process of continuous improvement of production processes and, more generally, of all company processes.

In particular, training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

- RX 1 and 2 ISO 9712 Level Course
- Arc and spark OES spectrometry course
- IATF 16949 standard point course 4.4.2.1 Product safety
- Course for in-depth CORE TOOLS IATF

The courses carried out, including those listed in the paragraph dedicated to information on the environment and safety, involved a total of 298 hours for Company staff, with training activities carried out internally, externally and on the job.

Research and development activities

Pursuant and consequent to paragraph 3.1 of Art. 2428 of the Italian Civil Code, it is hereby confirmed that development activities applied mainly to the production process were carried out during the financial year.

In particular, the main activities concerned:

- Implementation of the synergy with the technical bodies of the subsidiary Endurance S.p.A., for the joint development of new projects.
- Completion of the equipment spare parts monitoring system, for the improvement of predictive maintenance activities.
- Implementation of activities aimed at increasing the performances of the moulds: analysis and testing of new materials / heat treatments / coatings with nano-technologies for the reduction of extraordinary maintenance activities on the machine (polishing / replacement of pins).
- Installation of "TEST" thermal imaging cameras on some machines to record the thermographs in process: data analyses are currently underway to evaluate the improvement of the lubrication cycle

During the year, equipment was built and sampled for new products and refurbishments in the "domestic industrial heating", automotive and textile / gas regulation sectors.
To support the acquisition of new products, estimates were drawn up with related feasibility analyses at various levels of detail.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates recorded under current assets

Description	FY 2021	FY 2020	Change
from fellow subsidiaries	2,593,898	2,015,077	578,821
Total	*2,593,898*	*2,015,077*	*578,821*

The amount receivable from fellow subsidiaries relates to the trade receivables due from Endurance S.p.A.

Payables due to and loans from affiliates

Description	FY 2021	FY 2020	Change
due to parent companies	101,300	137,684	36,384-
payables due to fellow subsidiaries	185,362	56,288	129,074
Total	*286,662*	*193,972*	*92,690*

Payables to parent companies refer to commercial relations with Endurance Overseas S.r.l., which arose in connection with the latter's provision of support services and coordination of the activities of the group's subsidiaries, provided according to specific contractual agreements defined at market values.

Payables to fellow subsidiaries relate to the relationships with the other affiliates of the Endurance Group, mainly Endurance S.p.A.

Treasury shares

Pursuant to Arts. 2435-bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The year just ended was heavily influenced by the effects that the restrictions and the Covid 19 pandemic had on people's living conditions and therefore on the general market situation and on the Company's activities.

The steady implementation of the vaccination plan should, even in Europe, result in a gradual improvement in the epidemiological picture, due to the achievement of herd immunity, as shown by the contagion trends in those countries with greater access to vaccine doses, especially for riskier categories.

The exceptional action plans announced by many countries, now at the approval stage by the respective bodies, should improve the macroeconomic outlook even further, with positive effects on employment and, consequently, on consumption and GDP. Based on these expectations, the global economy should grow according to OECD estimates by 5.6% in 2021 and 4.0% in 2022, with the Euro area contributing +3.9% in 2021 and +3.8% in 2022.

The more favourable external prospects should therefore lead to an improvement in the demand for motor vehicles with a positive effect on the value of the output expected for the Group.

The operating conditions will in any case remain very demanding due to the organisational complexities caused by prudent management of the risks deriving from Covid 19, which we will still have to contend with, albeit in situation that is expected to gradually improve.

While remaining optimistic, it is appropriate to remember the risk of an upsurge in contagion that might result from the appearance of virus variants capable of circumventing the effects of the vaccines. Additionally, economic overheating might derive from excessive monetary and governmental incentives, with the creation of inflation and a rise in the interest rate curves in financial markets.

The resources available will also make it possible to face without difficulty, and certainly for the next 12 months, any procrastination of the most adverse conditions that may continue or reappear due to the health emergency. At time of preparing these financial statements, the Company has not made recourse to moratoria, deferrals or any of the other solutions made available to assist liquidity, as the available cash balances are sufficient considering the routine support provided by financial partners.

Use of financial instruments that should be considered when assessing the results and financial position

Pursuant and consequent to the provisions of point 6-bis) of the third paragraph of art. 2428 of the Civil Code, it is confirmed that the company has not used derivatives to hedge interest-rate risks.

Conclusion

In light of the considerations set out above and of disclosures made in the explanatory notes, we invite the shareholders:

- to approve the financial statements at March 31st, 2021 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Bione (Brescia), May 14th, 2021

For the Board of Directors
The Managing Director

Luca Ghidini

General information on the company

Company data

Name:	ENDURANCE CASTINGS SPA
Registered office:	VIA CONCA D'ORO 14 - 14/A BIONE BS
Share capital:	900,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	BS
VAT Number:	00551150980
Tax code:	00293110177
REA Number:	
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	245300
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	
Country of the parent company:	ENDURANCE OVERSEAS SRL
Cooperatives register number:	ITALY

Financial statements for the year ended March 31st, 2021

Balance sheet

	March 31st, 2021	March 31st, 2020
Assets		
B) Fixed assets		
I - Intangible assets	-	-
7) other	-	975
Total intangible assets	*-*	*975*
II - Tangible fixed assets	-	-
1) land and buildings	2,212,200	2,437,224
2) plant and machinery	2,984,269	3,309,948
4) other assets	52,710	62,269
5) assets under construction and advance payments	510,165	645,266
Total tangible fixed assets	*5,759,344*	*6,454,707*
III - Financial fixed assets	-	-

	March 31st, 2021	March 31st, 2020
1) equity investments in	-	-
d-bis) other companies	4,530	4,530
Total equity investments	*4,530*	*4,530*
2) receivables	-	-
d-bis) from others	13,188	15,755
due within one year	13,188	15,755
Total receivables	*13,188*	*15,755*
Total financial fixed assets	*17,718*	*20,285*
Total fixed assets (B)	*5,777,062*	*6,475,967*
C) Current assets		
I – Inventories	-	-
1) raw materials, ancillary materials and consumables	965,749	1,052,230
2) work in process and semi-finished products	1,261,530	1,227,015
4) finished products and goods	1,144,807	1,369,590
Total inventories	*3,372,086*	*3,648,835*
II – Receivables	-	-
1) from customers	4,047,745	3,583,342
due within one year	4,047,745	3,583,342
5) fellow subsidiaries	2,592,218	2,015,077
due within one year	2,592,218	2,015,077
5-bis) tax receivables	268,810	71,560
due within one year	268,810	71,560
5-ter) deferred tax assets	692,213	527,561
5-quarter) due from others	138,993	173,486
due within one year	138,993	173,486
Total receivables	*7,739,979*	*6,371,026*
III - Current financial assets	-	-
treasury management assets	7,033,022	3,106,892
Total current financial assets	*7,033,022*	*3,106,892*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	1,068,506	2,560,570
3) cash on hand	1,527	2,333
Total cash and cash equivalents	*1,070,033*	*2,562,903*
Total current assets (C)	*19,215,120*	*15,689,656*
D) Prepaid expenses and accrued income	**383,068**	**68,012**
Total assets	*25,375,250*	*22,233,635*
Liabilities and shareholders' equity		
A) Shareholders' equity	**10,741,254**	**10,372,592**

	March 31st, 2021	March 31st, 2020
I - Share capital	900,000	900,000
III - Revaluation reserves	1,339,901	1,339,901
IV - Legal reserve	180,000	180,000
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	4,693,035	4,693,035
Payments towards increase in capital	760,126	760,126
Total other reserves	*5,453,161*	*5,453,161*
VIII - Retained earnings (accumulated losses)	1,499,530	661,959
IX - Net income (loss) for the year	1,368,662	1,837,571
Total shareholders' equity	10,741,254	10,372,592
B) Provision for risks and charges		
2) for current and deferred taxation	84,313	-
4)Other	1,376,546	1,471,342
Total provisions for risks and charges	*1,460,859*	*1,471,342*
C) Employee termination indemnities	**241,908**	**284,286**
D) Payables		
4) due to banks	870,680	839,432
due within one year	870,680	839,432
6) advances	145,500	125,500
due within one year	145,500	125,500
7) trade payables	9,911,545	7,126,831
due within one year	9,911,545	7,126,831
11) due to parent companies	101,300	137,684
due within one year	101,300	137,684
11-bis) due to fellow subsidiaries	185,362	56,288
due within one year	185,362	56,288
12) tax payables	101,801	145,325
due within one year	101,801	145,325
13) due to pension and social security institutions	137,382	106,777
due within one year	137,382	106,777
14) other payables	805,365	842,128
due within one year	805,365	842,128
Total payables	*12,258,935*	*9,379,965*
E) Accrued expenses and deferred income	**672,294**	**725,450**
Total liabilities and shareholders' equity	*25,375,250*	*22,233,635*

Income statement

	Year ended at March 31st, 2021	Year ended at March 31st, 2020
A) Value of production		
1) revenues from sales of goods and services	27,528,993	32,494,580
2) Change in inventories of work in progress, semi-finished and finished products	(426,540)	(1,067,639)
5) other income and revenues	-	-
operating grants	21,360	80,341
other	571,499	1,076,906
Total other income and revenues	*592,859*	*1,157,247*
Total value of production	*27,695,312*	*32,584,188*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	11,157,466	11,519,550
7) services	9,251,267	12,505,070
8) lease and rental charges	948,779	619,922
9) payroll	-	-
a) wages and salaries	2,853,310	3,486,690
b) social contributions	852,357	970,326
c) termination indemnities	48,871	52,570
e) other costs	177,991	180,787
Total payroll costs	*3,932,529*	*4,690,373*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	975	1,750
b) depreciation of tangible fixed assets	824,616	911,407
Total depreciation, amortisation and writedowns	*825,591*	*913,157*
11) Change in inventory of raw and ancillary materials, consumables and goods	(149,791)	(337,426)
14) other operating expenses	367,964	256,197
Total cost of production	*26,333,805*	*30,166,843*
Difference between production value and cost (A - B)	**1,361,507**	**2,417,345**
C) Financial income and charges		
15) income from equity investments	-	-
other	-	77
Total income from equity investments	*-*	*77*
16) other financial income	-	-
d) income other than the above	-	-
other	2,795	11,511
Total income other than the above	*2,795*	*11,511*
Total other financial income	*2,795*	*11,511*
17) interest and other financial charges	-	-

	Year ended at March 31st, 2021	Year ended at March 31st, 2020
other	22,911	52,661
Total interest and other financial charges	*22,911*	*52,661*
Total financial income and charges (15+16-17+-17-bis)	*(20,116)*	*(41,073)*
Result before taxes (A-B+-C+-D)	**1,341,391**	**2,376,272**
20) Income taxes for the year, current and deferred		
current taxation	53,068	178,909
deferred taxation	(80,339)	359,792
Total income taxes for the year, current and deferred	*(27,271)*	*538,701*
21) Net income (loss) for the year	**1,368,662**	**1,837,571**

Statement of cash flow (indirect method)

	Year ended at March 31st, 2021	Year ended at March 31st, 2020
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	1,368,662	1,837,571
Taxation	(27,271)	538,701
Interest expense/(interest income)	20,116	41,150
(Dividends)		(77)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*1,361,507*	*2,417,345*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	133,184	4,755
Depreciation and amortisation of fixed assets	825,591	913,157
Other adjustments up or (down) for non-cash items	(47,109)	(79,669)
Total adjustments for non-cash items that had no contra-entry in net working capital	*911,666*	*838,243*
2) Cash flow before changes in net working capital	*2,273,173*	*3,255,588*
Change in net working capital		
Decrease/(Increase) in inventory	276,749	730,213
Decrease/(Increase) in trade receivables	(462,723)	1,549,067
Increase/(Decrease) in trade payables	2,784,714	(126,474)
Decrease/(Increase) in prepaid expenses and accrued income	(315,056)	85,639
Increase/(Decrease) in accrued expenses and deferred income	(53,156)	(151,153)
Other decreases/(Other Increases) in net working capital	(644,037)	(3,212,419)
Total changes in net working capital	*1,586,491*	*(1,125,127)*
3) Cash flow after changes in net working capital	*3,859,664*	*2,130,461*
Other adjustments		

	Year ended at March 31st, 2021	Year ended at March 31st, 2020
Interest collected/(paid)	(20,116)	(41,150)
(Income taxes paid)	(136,535)	(124,777)
Dividends received		77
(Use of provisions)	(137,174)	(113,495)
Total other adjustments	*(293,825)*	*(279,345)*
Cash flow from operating activities (A)	***3,565,839***	***1,851,116***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(166,394)	(756,554)
Disposals		1,650
Financial fixed assets		
Disposals	2,567	3,001
Current financial assets	(3,926,130)	(3,106,892)
(Investments)		
Cash flow from investing activities (B)	***(4,089,957)***	***(3,858,795)***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	31,248	839,432
Own funds		
(Dividends and interim dividends paid)	(1,000,000)	
Cash flow from financing activities (C)	***(968,752)***	***839,432***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(1,492,870)***	***(1,168,247)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	2,560,570	3,729,257
Cash on hand	2,333	1,893
Total cash and cash equivalents at the beginning of the year	2,562,903	3,731,150
Cash and cash equivalents at the end of the year		
Bank and postal deposits	1,068,506	2,560,570
Cash on hand	1,527	2,333
Total cash and cash equivalents at the end of the year	1,070,033	2,562,903

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Explanatory notes, first part

Shareholders,

These explanatory notes form an integral part of the financial statements for the year ended March 31st, 2021.

The financial statements submitted for your approval show net income of € 1,368,662, after current and deferred taxes that give a positive balance of € 27,271 and depreciation and amortisation of € 825,591.

Form and content of the financial statements

The financial statements at March 31st, 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The pandemic emergency caused by the spread of the Covid-19 virus continued during the year, affecting the economic performance of the global economy and forcing the Company and its subsidiaries to restrict and, at times, suspend activities in accordance with measures adopted by the authorities that were particularly strict during the first quarter of the financial year. These measures also affected the registration of new motorcycles and therefore demand for the goods and services provided by the Company.

Recent government measures and those due to be introduced, together with the steady progress made on implementing the vaccination plan, provide encouragement that an upturn will occur, although this is not imminent.

Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

Exceptional situations pursuant to paragraph 5 of art. 2423 of the Italian Civil Code

There are no exceptional situations that might have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 of the Italian Civil Code.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Comparability and compliance issues

Pursuant to art. 2423 ter of the Civil Code, we can confirm that all financial statement items are comparable with the prior year; no restatement of prior year items has been necessary.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and writedowns.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible asset items	Amortisation period
Concessions, licences, trademarks and similar rights	5 years on a straight line basis

Other intangible assets	Based on the length of the underlying contracts

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on the basis of their estimated useful life. The depreciation rates applied are summarized in the following table:

Tangible fixed asset items	Depreciation rate
Industrial buildings	3%
Temporary constructions	10%
Plant and machinery	10% - 15.5%
Industrial and commercial equipment	20%
Furnaces and appurtenances	15%
Furniture and furnishings	12%
Electronic office machines	20%
Commercial vehicles	20%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis calculated on the actual number of days.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished) and finished products: specific production cost including all costs directly attributable to the product, as well as a reasonable share of manufacturing overheads.
- Goods and Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse, collected and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement item C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Provision for pensions and similar commitments

They represent the liabilities for supplementary pension benefits and for the "one-off" indemnities due to employees, self-employed workers and other collaborators, in force of law and contract, on termination of the relationship.

Employee termination indemnities

Employee termination indemnities represent the total amount that the company would have to pay to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from services are recognised upon completion and/or when earned.

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholder's meeting.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as “deferred tax assets” and among the provisions for risks and charges as “deferred tax liabilities”.

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

However, the Company does not have any assets or liabilities denominated in foreign currency at the balance sheet date.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

Following the recognition in the income statement of the amortization quotas for the year, equal to € 975, the "Intangible assets" at March 31st, 2021 are fully amortized.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	16,017	424,420	327,000	287,915	1,055,352
Amortisation (Accumulated amortisation)	16,017	424,420	261,600	286,940	988,977
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	-	-	975	975
Changes during the year					
Amortisation for the year	-	-	-	975	975
Total changes	-	-	-	*(975)*	*(975)*
Carrying amount at the end of the year					
Cost	16,017	424,420	327,000	287,915	1,055,352
Amortisation (Accumulated amortisation)	16,017	424,420	261,600	287,915	989,952
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	-	-	-	-

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Gross tangible fixed assets total € 18,394,277, accumulated depreciation amounts to € 12,634,933 including the charge for the year of € 824,616.

"Assets under construction and advance payments" amount to € 510,165 (€ 645,266 at March 31st, 2020) and comprise the residual value of advances paid to suppliers for the purchase of plant and machinery, together with the value of assets purchased but not completely ready for inclusion in the production cycle.

Movements in tangible fixed assets

Tangible assets are analysed below, together with the related accumulated depreciation and information about the changes that took place during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	4,385,766	12,333,216	383,973	1,056,155	645,266	18,804,376
Amortisation (Accumulated amortisation)	1,948,542	8,547,521	383,973	993,814	-	11,873,850
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	2,437,224	3,309,948	-	62,269	645,266	6,454,707
Changes during the year						
Additions	22,200	218,090	-	12,474	18,959	271,723
Reclassifications (of the carrying amount)	-	27,060	-	-	(27,060)	-
Disposals (at carrying amount)	-	15,370	-	100	127,000	142,470
Amortisation for the year	247,224	555,459	-	21,933	-	824,616
Total changes	*(225,024)*	*(325,679)*	-	*(9,559)*	*(135,101)*	*(695,363)*
Carrying amount at the end of the year						
Cost	4,407,966	12,515,550	383,973	1,052,442	510,165	18,870,096
Amortisation (Accumulated amortisation)	2,195,766	9,055,534	383,973	999,660	-	12,634,933
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	2,212,200	2,984,269	-	52,710	510,165	5,759,344

With specific reference to the evidence for losses attributable to the healthcare emergency, the directors responded to a Group-level requirement by analysing carefully the cash flows forecast on the basis of current information, concluding that the value of tangible fixed assets at March 31st, 2021 will be recoverable from future cash flows.

Finance leases

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases, with which the user company would record the asset received as a lease under fixed assets and calculate the related depreciation rates on the asset, while at the same time recognising the debt for the principal portion of the instalments to be paid. In this case, the interest portion and the depreciation charge for the year would be recognised in the income statement.

The national legislator requires finance leases to be accounted for as though they were operating leases, with lease instalments charged to income.

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from applying finance lease accounting:

	Effects on Shareholders' Equity - Assets		
a)	Outstanding contracts		
a.1)	Assets under finance leases at the end of the previous year		2,753,784
	- of which the gross amount	6,799,594	
	- of which accumulated depreciation	(4,045,810)	
a.2)	Assets purchased under finance leases during the year		1,831,004
a.3)	Assets under finance leases redeemed during the year		(20,452)
a.4)	Depreciation charge for the year		(434,195)
a.5)	Writedowns/writebacks on assets under finance leases		
a.6)	Assets under finance leases at the end of the year		4,130,141
	- of which the gross amount	8,610,146	
	- of which accumulated depreciation	(4,480,005)	
a.7)	Prepaid instalment interest at the end of the year		
a.8)	Curtailment of prepaid expenses under the balance sheet method		(355,443)
b)	Redeemed assets		
b.1)	Higher/lower total value of redeemed assets (compared with the net carrying amount at the end of the year)		-
	Effects on Shareholders' Equity - Liabilities		
c)	Implicit payables		
c.1)	Implicit payables for finance leases at the end of the previous year		1,339,074
	- of which due within one year	347,447	
	- of which due beyond one and within 5 years	991,627	
	- of which due beyond 5 years	-	
c.2)	Implicit payables that arose during the year		1,831,004
c.3)	Repayment of principal and redemptions during the year		1,050,104
c.4)	Implicit liabilities for finance leases at the end of the year		2,119,974
	- of which due within one year	1,359,940	
	- of which due beyond one and within 5 years	760,034	
	- of which due beyond 5 years	-	
c.5)	Accrued instalment interest at the end of the year		-
c.6)	Change in trade payables		-
d)	Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]		**1,654,724**
e)	Tax effect		(461,668)
f)	Effect on Shareholders' Equity at the end of the year (d-e)		**1,193,056**
	Effects on the Income Statement		
g)	**Effect on income before taxes (lower/higher costs) (g.1-g.2-g.3+g.4+g.5)**		**320,892**
g.1)	Reversal of instalments on finance lease transactions		823,217
g.2)	Recognition of financial charges on finance lease transactions		(68,129)
g.3)	Recognition of depreciation charges on outstanding contracts		(434,195)
g.4)	Recognition of depreciation charges on redeemed assets		-
g.5)	Recognition of adjustments/write-backs on leased assets		-
h)	Recognition of the tax effect		(89,529)
i)	Net effect on the result for the year (g-h)		**231,363**

The value of future lease instalments under outstanding lease contracts totals € 1,745,306 at March 31st, 2021.

The property lease for the industrial complex was terminated at the end of the financial year and the complex will be redeemed in the first few months of 2021/2022 using available cash reserves.

Financial fixed assets

Equity investments included in financial fixed assets amount to € 4,530 at March 31st, 2021, the same as at March 31st, 2020.

Movements in equity investments, other securities and non-current derivative financial instruments

The following table shows the movements in financial fixed assets during the year.

	Equity investments in other businesses	Total equity investments
Balance at the beginning of the year		
Cost	5,687	5,687
Writedowns	1,157	1,157
Carrying amount	4,530	4,530
Carrying amount at the end of the year		
Cost	5,687	5,687
Writedowns	1,157	1,157
Carrying amount	4,530	4,530

These equity investments refer to holdings in consortia (CONAI, Brescia Export) and membership fees related to financing transactions carried out in previous years.

Changes in and maturity of non-current receivables

The following table shows the movements in financial fixed assets during the year.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Other receivables	15,755	(2,567)	13,188	13,188	-
Total	**15,755**	**(2,567)**	**13,188**	**13,188**	**-**

The item relates to security deposits referring to multi-year contracts such as car rental and customs warehouse for the electric workshop licence.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The inventories reported in the balance sheet at March 31st, 2021 total € 3,372,086, net of an allowance amounting to € 574,449, set aside in previous years in proportion of the valuation of the impact of the potential risks associated with obsolete and slow-moving items.

Changes in inventories

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
raw materials, ancillary materials and consumables	1,052,230	(86,481)	965,749
work in process and semi-finished products	1,227,015	34,515	1,261,530
finished products and goods	1,369,590	(224,783)	1,144,807
Total	*3,648,835*	*(276,749)*	*3,372,086*

The market value of inventories has not fallen below their individual carrying amounts as a result of Covid-19 or the cancellation of sales orders.

Current receivables

They total € 7,739,979 at March 31st, 2021. These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	3,583,342	464,403	4,047,745	4,047,745	-
Receivables due from fellow subsidiaries	2,015,077	577,141	2,592,218	2,592,218	-
Tax receivables	71,560	197,250	268,810	268,810	-
Deferred tax assets	527,561	164,652	692,213	-	-
Other receivables	173,486	(34,493)	138,993	138,993	-
Total	**6,371,026**	**1,368,953**	**7,739,979**	**7,047,766**	**-**

Trade receivables (€ 4,047,745 at March 31st, 2021) are expressed at their presumed realization value, given the irrelevance of the application of the amortized cost approach. The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 70,644, of which € 63,794 were used during the year because collection losses on receivables. With specific reference to the current healthcare emergency, it is confirmed that there are no particular credit collection issues.

The amount receivable from fellow subsidiaries (€ 2,592,218 at March 31st, 2021) relates to the trade receivables due from Endurance S.p.A.

Tax receivables (€ 268,810 at March 31st, 2021) principally comprise the VAT recoverable from the Italian Authorities (€ 183,437) and IRES credits (€ 56,097) and IRAP (€ 28,341) deriving from the overpayment of advances with respect to the actual amount payable, as well as other amounts due.

Deferred tax assets amount to € 692,213 at March 31st, 2021 and mainly relate to tax losses not yet used and differences between the carrying amount of goodwill in the statutory accounts and fiscal accounts, as well as in the deferred deductibility of risk provisions and writedowns. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts. The increase is attributable to the tax loss generated by the deductions for the hyper-accelerated depreciation introduced to favour the technological transformation of Industry 4.0 plans, which had a significant impact in determining the tax base.

Other receivables (€ 138,993 at March 31st, 2021) consist of miscellaneous non-trade receivables.

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the automotive sector that each have legal entities and factories located in several countries. In fact, at the year-end foreign trade receivables amount to 11% of all trade receivables.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 of the Italian Civil Code.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
treasury management assets	3,106,892	3,926,130	7,033,022
Total	*3,106,892*	*3,926,130*	*7,033,022*

This balance represents the amounts due from Endurance Overseas S.r.l. under the agreed cash pooling arrangements.

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
bank and postal deposits	2,560,570	(1,492,064)	1,068,506
cash on hand	2,333	(806)	1,527
Total	*2,562,903*	*(1,492,870)*	*1,070,033*

This item principally comprises the balance on bank current accounts at March 31st, 2021. The changes in cash and cash equivalents are analysed in the statement of cash flows.

Prepaid expenses and accrued income

Prepaid expenses at March 31st, 2021 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued income	805	(54)	751
Prepaid expenses	67,207	315,110	382,317
Total prepaid expenses and accrued income	**68,012**	**315,056**	**383,068**

Prepaid expenses mainly include the future portion of lease instalments and at various costs.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of Art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

The movements in the individual balance sheet items are analysed in detail below, according to current law.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28

Changes in shareholders' equity items

With reference to the year just ended, the tables below set out changes in the components of shareholder's equity, as well as details of other reserves, if any (with reference to the years closed at March 31st, 2020 and March 31st, 2021).

Year ended at March 31st, 2020:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	900,000	-	-	900,000
Revaluation reserves	1,339,901	-	-	1,339,901
Legal reserve	180,000	-	-	180,000
Extraordinary reserve	4,693,035	-	-	4,693,035
Payments towards increase in capital	760,126	-	-	760,126
Retained earnings (accumulated losses)	368,833	293,126	-	661,959
Net income (loss) for the year	293,126	(293,126)	1,837,571	1,837,571
Total	**8,535,021**	**-**	**1,837,571**	**10,372,592**

Yaer ended at March 31st, 2021.

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Result for the year	Balance at the end of the year
Capital	900,000	-	-	-	900,000
Revaluation reserves	1,339,901	-	-	-	1,339,901
Legal reserve	180,000	-	-	-	180,000
Extraordinary reserve	4,693,035	-	-	-	4,693,035
Payments towards increase in capital	760,126	-	-	-	760,126
Retained earnings (accumulated losses)	661,959	-	837,571	-	1,499,530
Net income (loss) for the year	1,837,571	(1,000,000)	(837,571)	1,368,662	1,368,662
Total	**10,372,592**	**(1,000,000)**	**-**	**1,368,662**	**10,741,254**

Share capital, which consists of 900,000 shares with a par value of € 1.00 each, is fully subscribed and paid

Availability and use of shareholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	900,000	Capital		-
Revaluation reserves	1,339,901	Capital	A;B	-
Legal reserve	180,000	Revenue	B	-
Extraordinary reserve	4,693,035	Revenue	A;B;C	4,693,035
Payments towards increase in capital	760,126	Capital	A;B;C	760,126
Retained earnings (accumulated losses)	1,499,530	Revenue	A;B;C	1,499,530
Total	**9,372,592**			**6,952,691**
Amount not distributable				692,213
Residual amount distributable				6,260,478
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

With reference to the use made by the Company of the revaluation reserves, as shown in the statement of changes in equity, we would like to point out that the Company will not be able to distribute profits until these reserves have been reinstated for the same amount or reduced accordingly with a shareholders' resolution (pursuant to article 6 of Law 72/83 and subsequent revaluation laws).

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 c.c., covers the deferred tax assets recognised in the balance sheet, which are deemed to represent unrealised amounts.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

	Balance at the beginning of the year	Changes during the year - Accrual	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for current and deferred taxation	-	84,313	-	84,313	84,313
Other provisions	1,471,342	-	94,796	(94,796)	1,376,546
Total	**1,471,342**	**84,313**	**94,796**	**(10,483)**	**1,460,859**

Provision for current and deferred taxation

This item refers entirely to deferred taxes set aside during the year to give an idea of the amount of temporary differences that required the use of deferred taxation.

Other provisions

Provisions were made in the year ended 31/3/2021 to cover various liabilities (trade, tax, employment, etc), and were based on the best estimate with reference to the information available.

Employee termination indemnities

Employee termination indemnities amount to € 241,908 at March 31st, 2021 (€ 284,286 al March 31st, 2020). The changes during the year are summarised below.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnity (TFR)	284,286	48,871	91,249	(42,378)	241,908

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded in the period are related to advances paid to employees on termination of employment. The amount shown in the financial statements (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable, which are illustrated in the other change column.

Payables

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 c.c.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	839,432	31,248	870,680	870,680	-
Advances	125,500	20,000	145,500	145,500	-
Trade payables	7,126,831	2,784,714	9,911,545	9,911,545	-
Due to parent companies	137,684	(36,384)	101,300	101,300	-
Payables due to fellow subsidiaries	56,288	129,074	185,362	185,362	-
Taxation payable	145,325	(43,524)	101,801	101,801	-
Due to pension and social security institutions	106,777	30,605	137,382	137,382	-
Other payables	842,128	(36,763)	805,365	805,365	-
Total	**9,379,965**	**2,878,970**	**12,258,935**	**12,258,935**	**-**

The amount due to banks relates entirely to the invoice advances obtained from primary bank institutions.

Advances refers to the initial provision provided by customers for commercial supplies.

Payables due to parent companies mainly relate to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

The amount due to fellow subsidiaries relates to relations with other companies belonging to the Endurance Group and, in this case, to Endurance S.p.A. (€ 184,276) and Endurance Engineering S.r.l. (€ 1,086).

Tax payables amount to € 101,801 and comprise € 101,509 withheld for various reasons from employees and freelance workers and other taxes due for the remaining amount.

Amounts due to pension and social security institutions for a total of € 137,382 mainly refer to social contributions on the work performed by employees and self-employed workers.

Other payables total € 805,365 and mainly comprise the remuneration and other accrued amounts due to employees (€ 802,029), as well as miscellaneous payables.

There have not been any changes to amounts payable or the related payment terms as a consequence of the Covid-19 pandemic, or any violations of the related contractual clauses.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from shareholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	18,152	(4,845)	13,307
Deferred income	707,298	(48,311)	658,987
Total accrued expenses and deferred income	**725,450**	**(53,156)**	**672,294**

Deferred income relates entirely to income pertaining to future years.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2020/2021 is analysed below on a comparative basis:

Description	Year 2020/2021	Year 2019/2020	Change
1) Revenues from sales of goods and services	27,528,993	32,494,580	(4,965,587)
2) Change in inventories of work in progress, semi-finished and finished products	(426,540)	(1,067,639)	641,099
5) Other income and revenues			
Operating grants	21,360	80,341	(58,981)
Other	571,499	1,076,906	(505,407)
Total	**27,695,312**	**32,584,188**	**(4,888,876)**

The value of production as a whole recorded a reduction of about 15% compared with the previous year, mainly attributable to the reduced production in the first quarter of the year under review due to the restrictive measures adopted both at national and regional level to contain the spread of the Covid -19 virus. In the second half of the year this was partially offset by a recovery that was particularly evident in the third quarter and - to a lesser extent - confirmed in the latter part of the year.

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	Year 2020/2021	Year 2019/2020	Change
Cost of raw and ancillary materials, consumables and goods for resale	11,157,466	11,519,550	(362,084)
Cost of services	9,251,267	12,505,070	(3,253,803)
Lease and rental charges	948,779	619,922	328,857
Payroll costs			
Wages and salaries	2,853,310	3,486,690	(633,380)
Social contributions	852,357	970,326	(117,969)
Employee termination indemnity	48,871	52,570	(3,699)
Other costs	177,991	180,787	(2,796)
Amortisation of intangible assets	975	1750	(775)
Depreciation of tangible fixed assets	824,616	911,407	(86,791)
Change in inventory of raw and ancillary materials, consumables and goods	(149,791)	(337,426)	187,635
Other operating expenses	367,964	256,197	111,767
Total	**26,333,805**	**30,166,843**	**(3,833,038)**

Consistently with value of production, costs of production show an overall contraction of about 13% compared with the previous year, in line with what was recorded by the trend in production value. In particular, in contrast to the trend, there has been an increase in costs for the use of third-party assets related to the investments made to increase production capacity by signing two finance lease contracts for the acquisition of two die-casting plants.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income (€ 2,795) consisted entirely of bank interest.

Financial charges (€ 22,911) mainly related to working capital financing activities.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues or other positive components deriving from exceptional events were recorded.

During the current year, no costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2020/2021	Year 2019/2020
Income taxes	**(27,271)**	**538,701**
Current taxation		
of which: IRES for the year (current)	-	58,854
of which: IRAP for the year (current)	53,068	120,055
of which: Taxation relating to prior years		
Net change in deferred taxation	(80,339)	359,792

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	541,037	124,248
Total taxable temporary differences	861,317	213,264
Net temporary differences	320,280	89,016
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(479,511)	(48,050)
Deferred tax liability (assets) of the year	(76,867)	(3,472)
Provision for deferred tax liability (assets) at the end of the year	(556,378)	(51,522)

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The balance of deferred tax assets and liabilities shown in the table reflects the reversal of deferred tax assets recognised in prior years and the current year recognition of new deferred tax assets and liabilities.

Specifically, for IRES purposes, there is a simultaneous provision for prepaid taxes (a deferred tax asset) with respect to that released mainly for the tax loss recorded during the year because of the tax deductions for hyper-accelerated depreciation which the Company is benefiting from thanks to the important investments made. The provision for deferred tax liabilities is the result of the lower depreciation rates adopted, being lower than the ones recognised for tax purposes in the Ministerial Decree of 31 December 1988.

As far as IRAP is concerned, the higher deferred tax assets set aside refer to temporary differences connected to the calculation of depreciation.

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages. It does not include 10 temporary workers, comprising blue-collar personnel and the individual seconded to the administrative department from another Group company.

	White collar	Blue collar	Total employees
Average number	16	60	76

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 c.c., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	100,000	31,200

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the independent auditor (or firm of auditors) for the audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Total fees earned by the independent auditor or firm of auditors
Amount	10,525	10,525

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the report on operations.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 of the Italian Civil Code, it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

The painful events associated with the spread of Covid-19 and the exceptional restrictive measures for its containment adopted by the public authorities as a consequence, considering both their nature and extent, have had both direct and indirect repercussions for economic activity and have created generalised uncertainty, the outcome and effects of which cannot be readily foreseen at this time. Even so, a steady recovery is expected with respect to the levels of activity experienced in 2020, although this depends very much on the measures adopted to contain the pandemic and the implementation of a widespread and effective vaccination plan.

At present, considering the actions already taken, the effects of the coronavirus epidemic are not expected to have an impact on business continuity.

The potential effects of this phenomenon on the financial statements cannot however be determined with absolute certainty; nevertheless, business activity is expected to grow as a result of both internal actions and the measures adopted by the government to tackle the pandemic.

At the beginning of 2021/2022, the Company informed the leasing company that owns the portion of the industrial warehouse in which the Company operates, its intention to exercise the redemption option for this asset as the contract expires at the end of April. The purchase, which will be completed in the necessary technical time, will involve the outlay of € 1.0 million, plus ancillary costs.

In May 2021, the Company signed a 60-month loan agreement of € 3.0 million with Unicredit S.p.A., making use of the guarantee offered by the MCC which enabled it to benefit from particularly favourable conditions.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

It is hereby confirmed that the Company is not party to any financial derivatives.

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at March 31st, 2020 (fixed on 29 March 2020) was 82.8985 (77.7190 at March 31st, 2019) - (source www.ecb.europa.eu):

Balance sheet	Year ended March 31st, 2020	Year ended March 31st, 2019
Assets		
Non-current assets		
Fixed assets, net	15,396.06	12,629.37
Investments and other non-current assets	4,826.73	5,900.00
Current assets	9,605.88	11,022.75
Assets held for sale	-	33.37
Total Assets	**29,828.67**	**29,585.49**
Liabilities and shareholders' equity		
Shareholders' equity	**23,167.64**	**20,799.50**
Non-current liabilities		
Non-current financial liabilities	42.84	29.78
Other non-current liabilities	339.39	265.65
Current liabilities		
Current financial liabilities	5,643.49	7,738.02
Other current liabilities	635.31	752.54
Total liabilities and shareholders' equity	**29,828.67**	**29,585.49**

Income Statement	Year ended March 31st, 2020	Year ended March 31st, 2019
Revenues	**49,747.57**	**54,336.82**
Operating costs	41,962.53	46,854.49
Depreciation and amortisation	1,992.48	1,756.98
Financial charges	108.15	170.73
Non-recurring income/(expense)	-	(208.00)
Income before tax	**5,684.41**	**5,346.62**
Taxation for the year (current and deferred)	1,407.49	1,768.01
Income (loss) for the year	**4,276.92**	**3,578.61**
OCI - Other comprehensive income	(43.44)	(23.39)
Total statement of comprehensive income	**4,233.48**	**3,555.22**

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

Art. 1, paragraph 125, of Law 124/2017 introduced the obligation to provide evidence in the explanatory notes of any cash amounts received during the year by way of grants, contributions, paid appointments or any other economic advantages of any kind received from public administrations and from those mentioned in paragraph 125 of the same article.

Although the following assistance is not thought to fall within the scope of application of the law, it is confirmed that the following cash flows were received during the year:

- Contribution for firms that are heavy consumers of electricity – 2018 Energy-intensive users project totalling Euro 337,764.

Proposed allocation of profits or coverage of losses

Shareholders, in light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 1,368,662 to "retained earnings".

Explanatory notes, closing section

Shareholders,

We confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended March 31st, 2021, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the books of account.

Bione, 14 May 2021

For the Board of Directors

The Managing Director

Luca Ghidini

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Endurance Castings S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Castings S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2021, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Castings S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Castings S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Castings S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Castings S.p.A. as at March 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 18, 2021

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE CASTINGS SPA

Company with Sole Shareholder
Head office: VIA CONCA D'ORO 14 - 14/A BIONE BS)
Tax Code and Brescia Companies Register no. 00293110177
BRESCIA Chamber of Commerce (REA) no. 55600
Share capital: € 900,000.00 subscribed and fully paid
VAT Number: 00551150980
Management policy and coordination: ENDURANCE TECHNOLOGIES PRIVATE LTD

Report of the Board of Statutory Auditors

Financial statements for the year ended March 31st, 2021

To the Shareholder,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the legal audit function was assigned to Deloitte & Touche S.p.A. in a letter of appointment dated June 25th, 2020; accordingly, this report describes solely the supervisory work carried out in accordance with the law.

Report to the Shareholders' Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended March 31st, 2021, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

Activities carried out by the Board of Statutory Auditors during the year ended March 31st, 2021

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the independent auditors and, with reference to those meetings, no significant information or data emerged that should be disclosed in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code;

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Supervisory activities pursuant to art. 2403 onwards of the Civil Code

The draft financial statements for the year ended March 31st, 2021, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- Balance sheet
- Income statement
- Statement of cash flows
- Explanatory notes

The result for the year is a net profit of € 1,368,662, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2021	FY 2020	Difference
FIXED ASSETS	5,777,062	6,475,967	(698,905)
CURRENT ASSETS	19,215,120	15,689,656	3,525,464
ACCRUED EXPENSES AND DEFERRED INCOME	383,068	68,012	315,056
TOTAL ASSETS	25,375,250	22,233,635	3,141,615

Description	FY 2021	FY 2020	Difference
SHAREHOLDERS' EQUITY	10,741,254	10,372,592	368,662
PROVISION FOR RISKS AND CHARGES	1,460,859	1,471,342	(10,483)
PROVISION FOR EMPLOYEE TERMINATION INDEMNITY	241,908	284,286	(42,378)
PAYABLES	12,258,935	9,379,965	2,878,970
ACCRUED EXPENSES AND DEFERRED INCOME	672,294	725,450	(53,156)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	25,375,250	22,233,635	3,141,615

Income Statement

Description	FY 2021	FY 2020	Difference
VALUE OF PRODUCTION	27,695,312	32,584,188	(4,888,876)
REVENUES FROM SALES OF GOODS AND SERVICES	27,528,993	32,494,580	(4,965,587)
PRODUCTION COST	26,333,805	30,166,843	(3,833,038)
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	1,361,507	2,417,345	(1,055,838)
RESULT BEFORE TAXES (A-B+-C+-D)	1,341,391	2,376,272	(1,034,881)
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	(27,271)	538,701	(565,972)
PROFIT (LOSS) FOR THE YEAR	1,368,662	1,837,571	(468,909)

We have examined the draft financial statements for the year ended March 31st, 2021, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- The accounting policies used in preparing the financial statements at March 31st, 2021 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;

- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 5, of the Italian Civil Code, there are no start-up and expansion costs or development costs;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at March 31st, 2021 do not contain any amounts representing goodwill under intangible assets;
- pursuant to OIC 25, deferred tax assets have been allocated on the tax loss for the year as there is a reasonable certainty that they can be reabsorbed within the next five years.

We have verified compliance with the law regarding the structure of the directors' report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

Result for the year

The net result ascertained by the Directors for the year ended March 31st, 2021, as shown in the financial statements, is positive for € 1,368,662.

We do not have any observations to make on the allocation of the net result for the year proposed by the Directors.

Conclusion

Considering the results of the work performed by the independent auditors, as explained in their unqualified audit report, issued without any emphasis of matter on May 18th, 2021 and including an information paragraph regarding the change in the reporting date of the end of the financial year and the related effects on the comparability of the figures of the previous year, we unanimously believes that there are no impediments to the approval by the Shareholders' Meeting of the draft financial statements closed on March 31st, 2021, as drawn up and proposed by the Directors.

Milan, May 19th, 2021

The Board of Statutory Auditors

Fulvio Mastrangelo

Attilio Bonetti

Massimo Carera

ENDURANCE ADLER SPA

Head office: VIA DI VITTORIO, 20/22 ROVERETO (TN)
Turin Companies Register of the Turin Chamber of Commerce, Tax Code, and registration No. 00106120223

Turin Business Register (REA) no.TN 53464
Share capital: € 120,000.00 subscribed and fully paid
VAT Number: 00106120223

Report on operations

Financial statements at March 31st, 2021

Dear Shareholders, the explanatory notes provide disclosures on the financial statements for the year ended March 31st, 2021. In accordance with art. 2428 of the Italian Civil Code, this document provides information on the Company's situation and performance. This report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

The year just ended was heavily conditioned by the effects of the Covid-19 pandemic on the global economy, due to the restrictions imposed and various impediments to the conduct of economic activities. The lockdowns and the restrictions placed on free movement by the authorities in order to keep contagion in check have had a serious effect on several sectors (travel and tourism, catering and personal services), while also depressing the wider economy by lowering disposable incomes and reducing the propensity to consume of households and citizens.

According to preliminary estimates released by the OECD, global gross domestic product (GDP) contracted by 3.4% in 2020, with declines in all major countries excluding China, which grew by 2.3%.

The 6.8% contraction in the Euro area was worse than the global average, as evidenced by the performance of Germany -5.3%, France -8.2%, Italy -8.9% and Spain -11.0%.

In this context, motorcycle registrations were severely curtailed in the spring, when the market usually awakes, due to the widespread lockdowns that basically suspended selling activities. Registrations picked up subsequently, given the increased propensity of consumers to avoid mass transport for safety reasons, as well as the restrictions placed on travel that encouraged recreational activities closer to home and benefited the use of motorcycles.

Overall, 2020 registrations (calendar year) in the principal markets were 1% higher, but with marked variations: Germany grew more than 30%, Italy -6%, France -3%, Spain -11%.

During the 12-month period from April 2020 to March 2021 (new statutory financial year), the value of production generated by the Company amounted to € 7.2 million, with a net loss of € 1.2 million. The early months were particularly difficult, with broad recourse to government-assisted lay-offs due to the national lockdown imposed by the authorities in April and, subsequently, to the slow recovery in demand linked to the productive activities of the manufacturers. The reorganisation and cost reduction work carried out during the period included closure of the secondary office in Milan and the centralisation of activities and personnel at the Rovereto offices. Fundamental R&D work continued as usual, with great intensity, on products still to be launched and on new applications for those already in use. The results for the year were also affected by the impairment adjustments made to the Rovereto property held by the now-absorbed Adler Re S.r.l. and to inventories, as well as by the provisions recorded to cover the dismissal of excess personnel. Despite all this, the Company did manage to generate positive EBITDA and, therefore, stop the absorption of cash by operating activities. In order to meet its financial commitments, the Company obtained interest-bearing loans totalling € 5.0 million from Endurance Overseas S.r.l., the immediate parent company, which were used for investment purposes and to settle past-due payables. In particular, payments included full and final settlement of all amounts due to the tax authorities, totalling about € 2.0 million.

Key events

The year saw the entrance of the company into the Endurance Group. On 15 April 2020, Endurance Overseas S.r.l., an Italian wholly-owned subsidiary of Endurance Technologies Ltd, parent of the Indian Group of the same name, exercised an option purchased from Amfin Holding Spa, the previous parent company, to acquire control of (the previously named) Adler Spa, with an equity interest of 99%, by subscribing to a capital increase that involved the payment of Euro 3,465,000, of which Euro 118,800 for share capital and the remainder as share premium that was used to cover the residual accumulated losses.

On 21 May 2020, Endurance Adler S.p.A. completed the acquisition from TMB S.p.A. of the entire equity interest in Grimeca S.r.l. This operation involve a total investment of Euro 2,250,000, of which Euro 900,000 to purchase all the quotas in the company and Euro 1,350,000 to acquire the G Grimeca trademark and know-how for the production of brake discs used in the motorcycle sector. This investment is part of the programme to relaunch the activities of the Company, ideally with a view to partnering with domestic and international motorcycle manufacturers on the development of outstanding components for the transmissions and braking systems sector.

The corporate ownership structure has been simplified, with the absorption of Adler RE S.r.l. and Grimeca S.r.l. by Endurance Adler S.p.A., effective from 01/01/2021, by deed dated 4/12/2020 witnessed by Notary Agostini in Milan (reg. no. 84061, folder no. 17136).

As allowed pursuant to current regulations, the absorptions of these wholly-owned companies were backdated to the start of the financial year (01/04/2020) for tax and accounting purposes.

The absorbed companies possess considerable know-how for the production of motorcycle clutches and braking systems and, therefore, this aggregation establishes a major hub for the sector and releases important synergies with Endurance Technologies Ltd, the Indian parent.

Management and coordination activities

In accordance with paragraph 5 of Art. 2497-bis of the Italian Civil Code, note that the Company belongs to the ENDURANCE Group (India) via Endurance Overseas S.r.l., the immediate parent company.

Financial position

A reclassified balance sheet is provided below to facilitate a better understanding of the Company's financial position.

Balance Sheet - Assets

Item	March 31st, 2021	%	March 31st, 2020	%	Change	% change
CURRENT ASSETS	**5,636,393**	**48.11%**	**3,546,396**	**33.61%**	**2,089,997**	**58.93%**
Immediate liquidity	**1,147,834**	**9.80%**	**50,984**	**0.48%**	**1,096,850**	**2151.36%**
Cash and cash equivalents	1,147,834	9.80%	50,984	0.48%	1,096,850	2151.36%
Deferred liquidity	**3,688,081**	**31.48%**	**1,741,714**	**16.51%**	**1,946,367**	**111.75%**
Current receivables included in working capital	1,860,887	15.88%	1,660,293	15.73%	200,594	12.08%
Financial assets	480,000	4.10%	-	0.00%	480,000	#DIV/0!
Tangible fixed assets held for sale	1,275,000	10.88%	-	0.00%	1,275,000	#DIV/0!
Prepaid expenses and accrued income	72,194	0.62%	81,421	0.77%	(9,227)	-11.33%
Inventories	**800,478**	**6.83%**	**1,753,698**	**16.62%**	**(953,220)**	**-54.35%**
NON CURRENT ASSETS	**6,080,261**	**51.89%**	**7,006,183**	**66.39%**	**(925,922)**	**-13.22%**
Intangible assets	2,850,646	24.33%	1,327,967	12.58%	1,522,679	114.66%
Tangible fixed assets	1,691,208	14.43%	1,127,653	10.69%	563,555	49.98%
Financial fixed assets	320,024	2.73%	3,598,177	34.10%	(3,278,153)	-91.11%
Non-current portion of receivables included in working capital	1,218,383	10.40%	952,386	9.03%	265,997	27.93%
Prepaid expenses and accrued income - non-current	-	0.00%	-	0.00%	-	#DIV/0!
TOTAL ASSETS	**11,716,654**	**100.00%**	**10,552,579**	**100.00%**	**1,164,075**	**11.03%**

Balance Sheet - Liabilities and Shareholder's Equity

Item	March 31st, 2021	%	March 31st, 2020	%	Change	% change
THIRD PARTIES SOURCES	**11,383,237**	**97.15%**	**11,924,399**	**113.00%**	**(541,162)**	**-4.54%**
Current liabilities	**8,245,272**	**70.37%**	**7,037,949**	**66.69%**	**1,207,323**	**17.15%**
Current payables	7,601,867	64.88%	6,432,553	60.96%	1,169,314	18.18%
Accrued expenses and deferred income	643,405	5.49%	605,396	5.74%	38,009	6.28%
Non-current liabilities	**3,137,965**	**26.78%**	**4,886,450**	**46.31%**	**(1,748,485)**	**-35.78%**
Non-current payables	100,000	0.85%	1,237,415	11.73%	(1,137,415)	-91.92%
Accrued expenses and deferred income - non-current	1,779,288	15.19%	2,379,288	22.55%	(600,000)	-25.22%
Provision for risks and charges	844,109	7.20%	601,300	5.70%	242,809	40.38%
Employee termination indemnity	414,568	3.54%	668,447	6.33%	(253,879)	-37.98%
EQUITY	**333,417**	**2.85%**	**(1,371,820)**	**-13.00%**	**1,705,237**	**-124.30%**
Share capital	120,000	1.02%	1,812,934	17.18%	(1,692,934)	-93.38%
Reserves	2,319,457	19.80%	3,605,554	34.17%	(1,286,097)	-35.67%
Retained earnings (accumulated losses)	(880,809)	-7.52%	(6,479,032)	-61.40%	5,598,223	-86.41%
Net income (loss) for the year	(1,225,231)	-10.46%	(311,276)	-2.95%	(913,955)	293.62%
TOTAL SOURCES	**11,716,654**	**100.00%**	**10,552,579**	**100.00%**	**1,164,075**	**11.03%**

Key indicators of financial position

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2021	FY 2020	% Change
Fixed asset coverage	6.24 %	(22.66) %	127.54 %
Amounts payable to banks to working capital	-	11.35 %	(100.00) %

RATIO	FY 2021	FY 2020	% Change
Debt ratio	34.14	(8.82)	487.07 %
Financial debt ratio	15.70	(0.70)	2,342.86 %
Equity to capital employed	2.85 %	(12.78) %	122.30 %
Financial charges to turnover	1.63 %	1.79 %	(8.94) %
Current ratio	56.23 %	38.82 %	44.85 %
Fixed asset to equity capital margin	(4,528,461)	(7,425,617)	39.02 %
Primary coverage ratio	0.07	(0.23)	130.43 %
Fixed asset to equity capital and medium-long term debt margin	(3,169,784)	(4,918,455)	35.55 %
Secondary coverage ratio	0.35	0.19	84.21 %
Net working capital	(4,388,167)	(5,870,841)	25.25 %
Acid test margin	(5,188,645)	(7,624,539)	31.95 %
Acid test ratio	48.24 %	20.54 %	134.86 %

Results

To facilitate a better understanding of the Company's results of operations, a reclassified income statement is set out below. Note that the 2020/2021 financial year is not comparable with the prior period due to their different durations (the duration of the prior period was 3 months, in order to align the tax and accounting year with that of the Endurance Group) and the effects of absorbing Adler RE S.r.l. and Grimeca S.r.l.

Income Statement

Item	Year 2020-2021 (12 months)	%	Year 2019-2020 (3 months)	%	Change	% change %
VALUE OF PRODUCTION	**7,215,937**	**100.00%**	**1,904,405**	**100.00%**	**5,311,532**	**278.91%**
- Consumption of raw materials	2,407,556	33.36%	179,168	9.41%	2,228,388	1243.74%
- General expenses	2,430,689	33.69%	1,009,085	52.99%	1,421,604	140.88%
VALUE-ADDED	**2,377,692**	**32.95%**	**716,152**	**37.61%**	**1,661,540**	**232.01%**
- Payroll costs	1,816,725	25.18%	695,583	36.52%	1,121,142	161.18%
- Provisions	300,000	4.16%	60,000	3.15%	240,000	400.00%
GROSS OPERATING MARGIN	**260,967**	**3.62%**	**(39,431)**	**-2.07%**	**300,398**	**-761.83%**
- Depreciation, amortisation and writedowns	1,444,061	20.01%	676,721	35.53%	767,340	113.39%
- Other operating expenses	125,205	1.74%	98,181	5.16%	27,024	27.52%
INCOME BEFORE FINANCIAL ITEMS (EBIT)	**(1,308,299)**	**-18.13%**	**(814,333)**	**-42.76%**	**(493,966)**	**60.66%**
+ Financial items	(116,732)	-1.62%	(31,965)	-1.68%	(84,767)	265.19%
INCOME BEFORE TAX	**(1,425,031)**	**-19.75%**	**(846,298)**	**-44.44%**	**(578,733)**	**68.38%**
- Taxation	(199,800)	-2.77%	(535,022)	-28.09%	335,222	-62.66%
NET INCOME	**(1,225,231)**	**-16.98%**	**(311,276)**	**-16.35%**	**(913,955)**	**293.62%**
EBITDA	**135,762**	**1.88%**	**(137,612)**	**-7.23%**	**273,374**	**-198.66%**

Key performance indicators

On the basis of the above reclassification, the following economic indicators have been determined:

RATIO	FY 2021	FY 2020	% Change
R.O.E.	(367.48) %	22.69 %	(1719.50) %
R.O.I.	(11.17) %	(7.59) %	47.14 %
R.O.S.	(17.64) %	(39.57) %	(55.41) %
R.O.A.	101.07 %	75.46 %	33.95 %

Information required by art. 2428 of the Civil Code

The detailed information specifically required by art. 2428 of the Italian Civil Code is presented below.

Main risks and uncertainties that the Company is exposed to

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy.
Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.

In particular, throughout the past year - with continuation expected in the coming months - general economic conditions have been and will be impacted by the recessionary effects, already felt, of the global spread of the Covid-19 pandemic. Having already hit the propensity to consume and the functioning of the production and distribution value chains, the effects on the global recovery in consumption expected in the coming months remain to be seen, not least with regard to the growth of the manufacturing economies served by the Company.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the motorcycle components sector is characterised by lively competition linked, in part, to the volume of sales of the motorcycle manufacturers. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the components sector is characterised by continuous product development needed to satisfy product performance required by motorcycle manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

FINANCIAL RISKS: the Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its prevailing industrial activities - the production of car components for motorcycle makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, any access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates
The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.
Lastly, where considered appropriate, the Company makes use of rate derivatives (Interest rate swaps and caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates
The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Civil Code, it is hereby confirmed that, due to the specific activities performed and for a better understanding of the company's results and financial position, it is not deemed relevant to present non-financial indicators.

Information on the environment and safety

The Company dedicates special attention to ensuring that production and operating activities comply with the applicable regulations and international agreements, seeking to introduce and disseminate a culture that continuously improves environmental performance and the safety of products and processes, while also safeguarding personnel and installations.

General training on the environment and safety has been provided, as well as specific job-related safety sessions for employees and managers;

Considering the current and ongoing Covid-19 healthcare crises and in compliance with the decisions made by the Endurance Group and the authorities, the Company continues to adopt and implement the following measures:

- compliance with the Protocol for tackling and containing the spread of the Covid-19 virus in working environments and for governing activities and ensuring the protection of employees and third parties, in accordance with the instructions issued by the authorities.
- supply to personnel of certified surgical masks, disinfectant solutions and materials for the cleaning and sanification of their working environments, as well as the maintenance of social distancing.
- to the extent feasible, the Company has extended to all job descriptions the ability to make recourse to smart working, giving preference to this approach over attendance in the workplace.

During FY 2020/2021, albeit to varying extents depending on the time of year, the Company made recourse to such social buffers as the government-assisted lay-offs introduced by the Italian government in order to cope with the production stoppages and the reduction in activity levels caused by the pandemic.

Information on personnel management

The workforce amounted to 44 employees at March 31st, 2021.

The principal training activities during the twelve months ended March 31st, 2021 covered both manufacturing and staff functions, in order to pursue the continuous improvement of production processes and business processes as a whole.

Research and development activities

Pursuant and consequent to paragraph 3.1 of Art. 2428 of the Italian Civil Code, it is hereby confirmed that development activities applied in particular to the product were carried out during the financial year.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES AND COMPANIES SUBJECT TO CONTROL BY PARENT COMPANIES

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as “affiliates”), as summarised below:

Receivables from affiliates recorded under current assets

Description	FY 2021	FY 2020	Change
from parent companies	40,522	-	40,522
Total	*40,522*	*-*	*40,522*

The receivables are due from Endurance Technologies Limited, the ultimate parent company, and relate to such commercial activities as the sale of items and the provision of services to the Parent Company.

Payables due to and loans from affiliates

Description	FY 2021	FY 2020	Change
payables due to associated companies	-	440,804	440,804-
due to parent companies	5,236,056	-	5,236,056
Total	*5,236,056*	*440,804*	*4,795,252*

Payables relate to:

- commercial relations with Endurance Technologies Limited, € 119,363;
- the recharge of services and interest on the loans obtained from Endurance Overseas S.r.l., € 116,692;
- the outstanding balance on the loan from Endurance Overseas S.r.l., € 5,000,000.

Treasury shares

Pursuant to Arts. 2435-bis and 2428 of the Italian Civil Code, we can confirm that the Company did not hold any treasury shares at the year end.

Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of Art. 2435-bis and Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The steady implementation of the vaccination plan should, even in Europe, result in a gradual improvement in the epidemiological picture, due to the achievement of herd immunity, as shown by the contagion trends in those countries with greater access to vaccine doses, especially for the categories most at risk.

The exceptional action plans announced by many countries, now at the approval stage by the respective bodies, should improve the macroeconomic outlook even further, with positive effects on employment and, consequently, on consumption and GDP. Based on these expectations, the global economy should grow according to OECD estimates by 5.6% in 2021 and 4.0% in 2022, with the Euro area contributing +3.9% in 2021 and +3.8% in 2022.

The motorcycle sector should benefit from this favourable outlook for the general economic situation, especially if the emerging consumer preference for private mobility is confirmed.

Together with those planned, the many actions already taken by the Company to improve efficiency and rationalise costs should make possible a considerable improvement in the economic results achieved. Nevertheless, the coming year will be transitional once again, given the time needed to capitalise on the commercial initiatives currently in progress. In the meantime, work will continue on the development of new products and on the important collaboration with the Endurance Group as a whole and Endurance Technologies Ltd in particular.

In order to facilitate the relaunch plans presented by the Company, an Extraordinary Shareholder's Meeting has already been called to resolve on a capital increase totalling Euro 2.0 million. In May 2021, the Company will join the cash pooling system organised by the Endurance Group in Europe.

While remaining optimistic, it is appropriate to remember the risk of an upsurge in contagion that might result from the appearance of virus variants capable of circumventing the effects of the vaccines. Additionally, economic overheating might derive from excessive monetary and governmental incentives, with the creation of inflation and a rise in the interest rate curves in financial markets.

The use of financial instruments that should be taken into account when assessing the results and financial position

Pursuant and consequent to the provisions of point 6-bis) of the third paragraph of art. 2428 of the Civil Code, it is confirmed that the company has not used derivatives to hedge interest-rate risks.

Conclusion

In light of the considerations set out above and of disclosures made in the explanatory notes, we invite the shareholders:

- to approve the financial statements at March 31st, 2021 together with the explanatory notes and this report on operations that accompany them;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Rovereto (TN), May 13th, 2021

For the Board of Directors
The Managing Director

Giuseppe Lisciani

General information on the company

Company data

Name:	ENDURANCE ADLER S.P.A.
Registered office:	VIA DI VITTORIO, 20/22 ROVERETO (TN)
Share capital:	120,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	TN
VAT Number:	00106120223
Tax code:	00106120223
REA Number:	53464
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	293209
Company in liquidation:	no
Company with sole shareholder:	no
Company subject to management control and coordination activities:	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended March 31st, 2021

Balance sheet

	March 31st, 2021	March 31st, 2020
Assets		
B) Fixed assets		
I - Intangible assets	-	-
1) start-up and expansion costs	5,697	493
2) development costs	125,000	2,126
3) industrial patent rights and intellectual property rights	1,568,798	1,273,702
4) concessions, licences, trademarks and similar rights	1,100,000	-
6) assets in process of formation and advance payments	15,400	5,030
7) other	35,751	46,616
Total intangible assets	*2,850,646*	*1,327,967*
II - Tangible fixed assets	-	-
1) land and buildings	718,070	4,335
2) plant and machinery	765,511	830,299
3) industrial and commercial equipment	131,389	173,819

	March 31st, 2021	March 31st, 2020
4) other assets	76,238	119,200
Total tangible fixed assets	*1,691,208*	*1,127,653*
III - Financial fixed assets	-	-
1) equity investments in	-	-
a) subsidiaries	-	3,598,153
d-bis) other companies	24	24
Total equity investments	*24*	*3,598,177*
2) receivables	-	-
d-bis) from others	800,000	-
due within one year	480,000	-
due beyond one year	320,000	-
Total receivables	*800,000*	*-*
Total financial fixed assets	*800,024*	*3,598,177*
Total fixed assets (B)	*5,341,878*	*6,053,797*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	483,656	1,189,402
2) work in process and semi-finished products	92,783	157,335
4) finished products and goods	224,039	406,961
Total inventories	*800,478*	*1,753,698*
Tangible fixed assets held for sale	1,275,000	-
II - Receivables	-	-
1) from customers	915,626	1,064,253
due within one year	915,626	1,064,253
4) from parent companies	40,522	-
due within one year	40,522	-
5-bis) tax receivables	456,099	244,711
due within one year	456,099	234,395
due beyond one year	-	10,316
5-ter) deferred tax assets	1,203,308	924,265
5-quater) from others	463,715	379,450
due within one year	448,640	361,645
due beyond one year	15,075	17,805
Total receivables	*3,079,270*	*2,612,679*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	1,146,477	49,351
3) cash on hand	1,357	1,633
Total cash and cash equivalents	*1,147,834*	*50,984*
Total current assets (C)	*6,302,582*	*4,417,361*
D) Prepaid expenses and accrued income	**72,194**	**81,421**
Total assets	*11,716,654*	*10,552,579*

	March 31st, 2021	March 31st, 2020
Liabilities and shareholders' equity		
A) Shareholders' equity	**333,417**	**(1,371,820)**
I - Share capital	120,000	1,812,934
II - Share premium reserve	2,319,457	-
IV - Legal reserve	-	7,402
VI - Other distinctly indicated reserves	-	-
Paid in for future capital increase	-	3,598,152
Total other reserves	-	*3,598,152*
VIII - Retained earnings (accumulated losses)	(880,809)	(6,479,032)
IX - Net income (loss) for the year	(1,225,231)	(311,276)
Total shareholders' equity	333,417	(1,371,820)
B) Provision for risks and charges		
4)Other	844,109	601,300
Total provisions for risks and charges	*844,109*	*601,300*
C) Employee termination indemnities	**414,568**	**668,447**
D) Payables		
4) due to banks	-	343,592
due within one year	-	343,592
5) Due to other lenders	-	668
due within one year	-	668
6) advances	419,966	446,420
due within one year	419,966	446,420
7) trade payables	1,047,948	2,654,716
due within one year	1,047,948	2,654,716
10) payables due to associated companies	-	440,804
due within one year	-	440,804
11) due to parent companies	5,236,056	-
due within one year	2,236,056	-
due beyond one year	3,000,000	-
12) tax payables	114,483	2,740,492
due within one year	114,483	1,503,077
due beyond one year	-	1,237,415
13) due to pension and social security institutions	407,383	247,877
due within one year	407,383	247,877
14) other payables	476,031	795,399
due within one year	376,031	795,399
due beyond one year	100,000	-
Total payables	*7,701,867*	*7,669,968*
E) Accrued expenses and deferred income	**2,422,693**	**2,984,684**
Total liabilities and shareholders' equity	*11,716,654*	*10,552,579*

Income statement

	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)
A) Value of production		
1) revenues from sales of goods and services	6,852,972	1,908,837
2) Change in inventories of work in progress, semi-finished and finished products	(199,604)	(153,583)
5) other income and revenues	-	-
other	562,569	149,151
Total other income and revenues	*562,569*	*149,151*
Total value of production	*7,215,937*	*1,904,405*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	1,701,810	253,181
7) services	2,318,235	843,947
8) lease and rental charges	112,454	165,138
9) payroll	-	-
a) wages and salaries	1,210,401	490,696
b) social contributions	438,196	157,531
c) termination indemnities	106,295	34,656
e) other costs	61,833	12,700
Total payroll costs	*1,816,725*	*695,583*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	811,344	163,809
b) depreciation of tangible fixed assets	386,812	43,635
c) other writedowns of fixed assets	245,905	465,694
d) writedowns of current receivables and liquid funds	-	3,583
Total depreciation, amortisation and writedowns	*1,444,061*	*676,721*
11) Change in inventory of raw and ancillary materials, consumables and goods	705,746	(74,013)
13) Other accruals	300,000	60,000
14) other operating expenses	125,205	98,181
Total cost of production	*8,524,236*	*2,718,738*
Difference between production value and cost (A - B)	**(1,308,299)**	**(814,333)**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
other	238	50
Total income other than the above	*238*	*50*
Total other financial income	*238*	*50*
17) interest and other financial charges	-	-
parent companies	22,520	-
other	89,315	34,253
Total interest and other financial charges	*111,835*	*34,253*

	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)
17-bis) exchange gains and losses	(5,135)	2,238
Total financial income and charges (15+16-17+-17-bis)	*(116,732)*	*(31,965)*
Result before taxes (A-B+-C+-D)	**(1,425,031)**	**(846,298)**
20) Income taxes for the year, current and deferred		
current taxation	-	241,091
deferred taxation	(199,800)	(776,113)
Total income taxes for the year, current and deferred	*(199,800)*	*(535,022)*
21) Net income (loss) for the year	**(1,225,231)**	**(311,276)**

Statement of cash flow (indirect method)

	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	(1,225,231)	(311,276)
Taxation	(199,800)	(535,022)
Interest expense/(interest income)	116,732	34,203
(Gains)/losses from disposal of assets	(320,776)	8,885
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*(1,629,075)*	*(803,210)*
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	405,687	94,656
Depreciation and amortisation of fixed assets	1,198,156	207,444
Writedowns for permanent losses	245,905	465,694
Other adjustments up or (down) for non-cash items		3,583
Total adjustments for non-cash items that had no counterpart in net working capital	*1,849,748*	*771,377*
2) Cash flow before changes in net working capital	*220,673*	*(31,833)*
Change in net working capital		
Decrease/(Increase) in inventory	953,220	79,570
Decrease/(Increase) in trade receivables	571,069	(343,704)
Increase/(Decrease) in trade payables	3,068,272	(318,127)
Decrease/(Increase) in prepaid expenses and accrued income	11,113	(20,817)
Increase/(Decrease) in accrued expenses and deferred income	(562,082)	3,009,737
Other decreases/(Other Increases) in net working capital	(4,230,224)	(1,975,042)
Total changes in net working capital	*(188,632)*	*431,617*
3) Cash flow after changes in net working capital	*32,041*	*399,784*
Other adjustments		
Interest collected/(paid)	(116,732)	(34,203)
(Income taxes paid)	(18,251)	
(Use of provisions)	(416,757)	(264,348)
Total other adjustments	*(551,740)*	*(298,551)*
Cash flow from operating activities (A)	***(519,699)***	***101,233***

	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(134,077)	264,720
Disposals	7,016	235,081
Intangible assets		
(Investments)	(1,401,438)	
(Purchase of business units net of cash and cash equivalents)	3,489,308	
Cash flow from investing activities (B)	***1,960,809***	***499,801***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	(343,592)	(416,240)
(Repayment of loans)	(668)	(242,174)
Cash flow from financing activities (C)	***(344,260)***	***(658,414)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***1,096,850***	***(57,380)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	49,351	104,281
Cash on hand	1,633	4,083
Total cash and cash equivalents at the beginning of the year	50,984	108,364
Cash and cash equivalents at the end of the year		
Bank and postal deposits	1,146,477	49,351
Cash on hand	1,357	1,633
Total cash and cash equivalents at the end of the year	1,147,834	50,984
Balancing difference		

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

The absorption of Adler RE S.r.l. and Grimeca S.r.l. by Endurance Adler S.p.A. was completed during the year, by deed dated 04/12/2020 witnessed by Notary Agostini in Milan (reg. no. 84061, folder no. 17136) that took effect from 01/01/2021. As allowed pursuant to current regulations, the absorptions of these wholly-owned companies were backdated to the start of the financial year (01/04/2020) for tax and accounting purposes.

Given the above, "Cash and cash equivalents at the beginning of the year" include the following amounts deriving from the absorptions (being the bank deposits and cash held by the absorbed companies on the accounting reference date for the transaction):

	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)
Cash and cash equivalents at the beginning of the year	**50,984**	**108,364**
Cash and cash equivalents acquired on the absorptions	91,189	-
Increase (decrease) in cash and cash equivalents	1,005,661	(57,380)
Cash and cash equivalents at the end of the year	**1,147,834**	**50,984**

The table below summarizes the assets and liabilities subject to acquisition in the context of the the business combination (merger by incorporation) mentioned above:

	Values acquired in the business combination
Assets	
B) Non current assets	
Intangible fixed assets	922,426
Tangible fixed assets	2,354,962
Financial fixed assets	1,200,000
Totale Non current assets (B)	**4.477.388**
C) Current assets	
Inventories	-
Receivables	633,066
Cash and cash equivalents	91,189
Total current assets (C)	**724,255**
D) Prepaid expenses and accrued income	**1,886**
Total assets	**5,203,529**
Liabilities and shareholders' equity	
A) Shareholders' equity	**3,928,621**
B) Provision for risks and charges	**83,891**
C) Employee termination indemnities	**-**
D) Payables	**1,190,926**
E) Accrued expenses and deferred income	**91**
Total liabilities and shareholders' equity	**5,203,529**

Explanatory notes, first part

To the Shareholder, these explanatory notes are an integral part of the financial statements for the year ended March 31st, 2021.
The financial statements submitted for your approval report a loss of € 1,225,231, after the provision for deferred tax assets of € 199,800 and depreciation, amortisation and writedowns of € 1,444,061.
They reflect the effects of the absorption of Adler RE S.r.l. and Grimeca S.r.l. by Endurance Adler S.p.A., by deed dated 04/12/2020 witnessed by Notary Agostini in Milan (reg. no. 84061, folder no. 17136) that took effect from 01/01/2021.
As allowed pursuant to current regulations, the absorptions of these wholly-owned companies were backdated to the start of the financial year (01/04/2020) for tax and accounting purposes.
So, even though these financial statements have been prepared on the basis of the same accounting policies, the two columns are not comparable, for the reasons explained above.

Basis of preparation

The financial statements for the year ended March 31st, 2021 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).
The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard. The pandemic emergency caused by the spread of the Covid-19 virus continued during the year, affecting the economic performance of the global economy and forcing the Company and its subsidiaries to restrict and, at times, suspend activities in accordance with measures adopted by the authorities that were particularly strict during the first quarter of the financial year. These measures also affected the registration of new motorcycles and therefore demand for the goods and services provided by the Company.

Recent government measures and those due to be introduced, together with the steady progress made on implementing the vaccination plan, provide encouragement that an upturn will occur, although this is not imminent.
Despite the continuation of generalised uncertainty, the current liquidity of the Company together with that of the Group means that, at present, there are no threats to the ability of the business to continue operations over the next 12 months. The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.
The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.
The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.
The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.
Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.
In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.
The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.
Amounts are stated in whole euro, unless specified otherwise.
The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have thus been prepared clearly and give a true and fair view of the company's financial position and results of operations.

Basis of preparation

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.
With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.
No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Comparability of the previous year's figures

As stated in the introduction, these financial statements reflect the accounting effects of the absorptions of Adler RE S.r.l. and Grimeca S.r.l. by Endurance Adler S.p.A., with retroactive tax and accounting effect from the start of the financial year. In addition, the duration of the comparative accounting period was shorter (3 months from January 1st, 2020 to March 31st, 2020) due to changing the accounting reference date for consistency with that of the Endurance Group. The Company joined the Group on April 15th, 2020, following transfer of 99% of the share capital from the previous shareholder to Endurance Overseas S.r.l., now the immediate parent company.
For this reason, the comparative information presented in the financial statements is not directly meaningful. Note also that certain captions reported in the financial statements for the prior period have been reclassified appropriately - without any effect on the results for the period or shareholders' equity - in order to be more consistent with those for the current year.
Each component of every asset and liability caption is measured separately, in order to prevent any gains in one area from offsetting losses in another.

Preparation of the financial statements

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared.
In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under Art. 2423 ter of the Italian Civil Code.
Pursuant to Art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Changes in accounting policies

There are no exceptional situations that might have made it necessary to seek exemptions under paragraph 2 of art. 2423-bis of the Italian Civil Code.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December 2016, inclusive of the amendments published on 29 December 2017.
The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.
Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.
Their book value is stated net of accumulated amortisation and writedowns.
Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful lives of the relevant assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight line basis
Development costs / Know-how	5 years on a straight line basis
Industrial patent rights	5 years on a straight line basis
Concessions, licences, and similar rights	5 years on a straight line basis
Trademarks	10 years on a straight line basis
Other intangible assets	5 years / 3 years on a straight-line basis

Advertising and research costs are expensed in full in the accounting period in which they are incurred.
Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently set at 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.
If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.
Pursuant and consequent to art. 10 of Law 72 of 19 March 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.
Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.
Tangible fixed assets are depreciated systematically each year.

Tangible fixed asset items	Depreciation rate
Industrial buildings	3%
Temporary constructions	10%
Plant and machinery	10%
Industrial and commercial equipment	25%
Furnaces and appurtenances	15%
Furniture and furnishings	12%
Electronic office machines	20%
Instrumental cars/motor vehicles	25%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis calculated on the actual number of days.
Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.
If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.
If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.
Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.
Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.
Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment writedown if it is lower than the corresponding net carrying amount.
Recoverable value is not determined if there is no evidence of possible impairment.
The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).
In application of the above and in the context of signing a preliminary sale agreement, certain property, temporary constructions and plant were written down during the year by a total of € 245,905, in order to align their carrying amounts with the disposal values of the assets concerned (classified in balance sheet item C) I bis) Tangible fixed assets held for sale.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.
The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the writedown cease to apply, the equity investment is written back to its original carrying amount.
Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.
In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished) and finished products: specific production cost including all costs directly attributable to the product, as well as a reasonable share of manufacturing overheads.
- Goods and Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).
Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.
The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.
Receivables assigned to factors are only derecognised if they are sold without recourse, collected and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement item C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.
Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Provision for pensions and similar commitments

They represent the liabilities for supplementary pension benefits and for the "one-off" indemnities due to employees, self-employed workers and other collaborators, in force of law and contract, on termination of the relationship.

Employee termination indemnities

Employee termination indemnities represent the total amount that the company would have to pay to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.
The changes made to the regulations governing termination indemnities by Law 296 dated 27 December 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.
The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.
Revenues from services are recognised upon completion and/or when earned.
Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.
Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as “deferred tax assets” and among the provisions for risks and charges as “deferred tax liabilities”.
In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.
By contrast, deferred tax liabilities are recognised on all taxable temporary differences.
Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.
Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.
However, the Company does not have any assets or liabilities denominated in foreign currency at the balance sheet date.

Other information

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

"Intangible assets" total € 2,850,646 at March 31st, 2021, after charging amortisation of € 811,344 to the income statement.

They are analysed in detail below:
"Start-up and expansion costs" reflect capitalisation of the costs incurred by the absorbing and absorbed companies to create the new corporate structure.
"Development costs" reflect capitalisation of the costs incurred by the Company on an R&D project to produce new prototype clutches and braking systems for motorcycles.
"Industrial patent rights and intellectual property rights" principally include the value recognised by the Company of the patents and know-how relating to the production of clutches and braking systems for motorcycles.
"Concessions, licences, trademarks and similar rights" principally include trademarks registered by the Company as distinctive signs.
"Other intangible assets" relate to improvements and maintenance to leasehold properties.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellectual property rights	Conces-sions, licences, trademarks and similar rights	Goodwill	Assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Balance at the beginning of the year								
Cost	2,464	10,632	2,231,365	-	-	5,030	104,381	2,353,872
Amortisation (Accumulated amortisation)	1,971	8,506	957,663	-	-	-	57,765	1,025,905
Carrying amount	493	2,126	1,273,702	-	-	5,030	46,616	1,327,967
Changes during the year								
Additions	-	150,000	21,437	1,200,000	-	15,400	9,571	1,396,408
Reclassifications (of the carrying amount)	-	-	5,030	-	-	(5,030)	-	-
Amortisation for the year	2,012	27,126	433,311	100,000	228,459	-	20,436	811,344
Other changes	7,217	-	701,940	-	228,459	-	-	937,616
Total changes	*5,205*	*122,874*	*295,096*	*1,100,000*	*-*	*10,370*	*(10,865)*	*1,522,680*
Carrying value at the end of the year								
Cost	10,061	160,632	3,005,672	1,200,000	228,459	15,400	113,952	4,734,176
Amortisation (Accumulated amortisation)	4,364	35,632	1,436,874	100,000	228,459	-	78,201	1,883,530
Carrying amount	5,697	125,000	1,568,798	1,100,000	-	15,400	35,751	2,850,646

As detailed in the following table, "Other changes" include the intangible assets acquired on the absorptions of Adler RE S.r.l. and Grimeca S.r.l. (in particular, the fair value of the patents held by the latter) and the allocation to goodwill of the resulting merger difference. In this latter regard, the additional value represented by goodwill recognised during the year was amortised in full by March 31st, 2021.

	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellectual property rights	Conces-sions, licences, trademarks and similar rights	Goodwill	Assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Increases due to merger (Cost)	7,596	-	747,840	-	228,459	-	-	983,896
Increases due to merger (Accumulated amortisation)	380	-	45,900		-	-	-	46,280
Effect of the merger operation	**7,217**	**-**	**701,940**	**-**	**228,459**	**-**	**-**	**937,616**

Increases in relation to the acquisition of the investment in Grimeca S.r.l. reflect the purchase, from the previous quotaholder, of the "Grimeca" trademark and specific know-how relating to certain projects and intellectual property.

Tangible fixed assets

Intangible fixed assets including the related accumulated amortisation, amount to € 19,090,234 at March 31st, 2021, given the writedowns made in previous years and in the one under examination for a total of € 1,578,105; the related accumulated depreciation totals € 17,339,026 at March 31st, 2021, including the depreciation charge for the year of € 386,812.

The principal assets in this category comprise land and buildings (a net amount of € 718,070 at March 31st, 2021), including the net carrying amount of portion of the industrial complex located in Rovereto (TN), and those of plant and machinery (booked with a net value of € 765,551 at March 31st, 2021) used in the Company's production activities.

Movements in tangible fixed assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at the beginning of the year					
Cost	4,750	11,514,963	9,259,333	2,139,796	22,918,842
Depreciation (accumulated depreciation)	415	9,389,470	8,951,424	2,020,596	20,361,905
Writedowns	-	1,295,194	134,090	-	1,429,284
Carrying amount	4,335	830,299	173,819	119,200	1,127,653
Changes during the year					
Additions	-	64,529	54,742	14,806	134,077
Reclassifications (of the carrying amount)	(1,275,000)	(17,576)	-	-	(1,292,576)
Disposals (at carrying amount)	-	6,629	59,008	-	65,637
Depreciation for the year	112,843	130,168	86,034	57,767	386,812
Writedowns during the year	245,905	-	-	-	245,905
Other changes	2,329,906	25,026	-	-	2,354,932
Total changes	*696,158*	*(64,818)*	*(90,300)*	*(42,961)*	*498,079*
Carrying value at the end of the year					
Cost	1,553,253	9,075,223	8,994,683	1,045,182	20,668,341
Depreciation (accumulated depreciation)	638,491	7,014,518	8,777,074	968,944	17,399,027
Writedowns	196,692	1,295,194	86,220	-	1,578,106
Carrying amount	718,070	765,511	131,389	76,238	1,691,208

Reclassifications include the net carrying amount of the fixed assets involved in the preliminary sale agreement signed by the Company in 2021, which are classified as "Tangible fixed assets held for sale" within current assets.

"Other changes" include the net carrying amount of the tangible fixed assets acquired on the absorptions (relating, in particular, to the value of the Rovereto industrial complex, previously owned by Adler RE S.r.l.), as well as the changes made on accounting recognition of the transaction to reflect the fair value of the net assets absorbed (which reduced the net carrying amount of property at the absorption date by € 625,933).

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Increases due to merger (cost)	4,851,462	74,802	-	-	-	4,926,264
Increases due to merger (accumulated depreciation)	1,895,623	49,746	-	-	-	1,945,368
Increases due to merger (accrual for writedowns)	625,933		-	-	-	625,933
Effect of the merger operation	**2,329,906**	**25,056**	**-**	**-**	**-**	**2,354,962**

With specific reference to the evidence for losses attributable to the healthcare emergency, the directors responded to a Group-level requirement by analysing carefully the cash flows forecast on the basis of current information, concluding that the value of tangible fixed assets at March 31st, 2021 will be recoverable from future cash flows.

Finance leases

As at the balance sheet date the company is not party to any finance lease contracts.

Financial fixed assets

At March 31st, 2021 financial fixed assets amount to € 800,024 and consist for € 24 of equity investments held in other companies and for € 800,000 of non-current receivables.

Movements in equity investments, other securities and non-current derivative financial instruments

The following table shows the movements in financial fixed assets during the year.

	Equity investments in subsidiaries	Equity investments in other businesses	Total equity investments
Balance at the beginning of the year			
Cost	3,589,153	24	3,589,177
Carrying amount	3,589,153	24	3,589,177
Changes during the year			
Additions	900,000	-	900,000
Other changes	(4,489,153)	-	(4,489,153)
Total changes	(3,589,153)	-	(3,589,153)
Carrying value at the end of the year			
Cost	-	24	24
Carrying amount	-	24	24

Additions during the year related to the purchase on 22/05/2020 of the entire quota capital of Grimeca s.r.l., a company specialised in the design of braking systems for motorcycles that was already a high-technology partner of the Endurance Group.

The other changes shown in the table reflect the effects of cancelling the investments held in Adler RE S.r.l. and Grimeca S.r.l. as part of the absorption process.

Changes in and maturity of non-current receivables

The following table shows the movements in financial fixed assets during the year.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Other receivables	-	800,000	800,000	480,000	320,000
Total	**-**	**800,000**	**800,000**	**480,000**	**320,000**

The receivables are due from AmFin Holding S.p.A., the previous shareholder, and are scheduled for collection over the period to November 2022.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The inventories reported in the balance sheet at March 31st, 2021 total € 800,478, net of an allowance amounting to € 1,881,637, set aside in previous years and inclusive of the adjustments for the year totalling € 227,282, in proportion of the valuation of the impact of the potential risks associated with obsolete and slow-moving items.

Changes in inventories

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials, ancillary materials and consumables	1,189,402	(705,746)	483,656
Work in process and semi-finished products	157,335	(64,552)	92,783
Finished products and goods	406,961	(182,922)	224,039
Total	*1,753,698*	*(953,220)*	*800,478*

The market value of inventories has not fallen below their individual carrying amounts as a result of Covid-19 or the cancellation of sales orders.

Tangible fixed assets held for sale

This item amounts to € 1,275,000 at March 31st, 2021 and, pursuant to OIC 16, comprises the net carrying amount of the tangible fixed assets held for sale. Specifically, this item relates to the net carrying amount (comprising land and buildings, and plant and machinery) of that portion of the Rovereto complex for which a preliminary sale agreement has been signed at the reporting date, ahead of formalisation early in the 2021/2022 financial year. For more information see the section on tangible fixed assets.

Current receivables

These receivables total € 3,079,270 at March 31st, 2021. They are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	1,064,253	(148,627)	915,626	915,626	-
Receivables due from parent companies	-	40,522	40,522	40,522	-
Tax receivables	244,711	211,388	456,099	456,099	-
Deferred tax assets	924,265	279,043	1,203,308	-	-
Other receivables	379,450	84,265	463,715	448,640	15,075
Total	**2,612,679**	**466,591**	**3,079,270**	**1,860,887**	**15,075**

Trade receivables (€ 915,626 at March 31st, 2021) are expressed at their presumed realization value, given the irrelevance of the application of the amortized cost approach. The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 61,968, which is unchanged since last year. With specific reference to the current healthcare emergency, it is confirmed that there are no particular credit collection issues.

The receivables from the parent company (€ 40,522 at March 31st, 2021) refer to a receivable from the Indian parent company Endurance Technologies Ltd.

Tax receivables (€ 456,099 at March 31st, 2021) mainly refer to a VAT receivables from the Italian Tax Authorities (€ 389,617) and, for the remaining balance, to various receivables.

Deferred tax assets total € 1,203,308 at March 31st, 2021 and mainly relate to used tax losses and the deferred deductibility of certain provisions and impairment adjustments. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts.

Other receivables (€ 463,715 at March 31st, 2021) comprise various non-trade receivables including € 281,678 due from the Rovereto INPS treasury funds and advances to suppliers of € 70,661.

With regard to the changes during the year, the effect of the absorptions was to increase receivables by € 572,289.

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the of motorcycles and automotive sectors and that they have legal entities and factories located in several countries. In fact, at the year-end foreign trade receivables amount to 11% of all trade receivables.

Cash and cash equivalents

The following table shows the changes in cash and cash equivalents.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	49,351	1,097,126	1,146,477
Cash on hand	1,633	(276)	1,357
Total	*50,984*	*1,096,850*	*1,147,834*

This item principally comprises the balance on bank current accounts at March 31st, 2021.

The increase comprises the effect of both the absorptions (€ 91,189) and the liquidity injected by the parent company to finance the internal restructuring of the Company and settle, in advance with respect to the agreed timetable, the accumulated liabilities of the Company towards the tax authorities and the social security and pension institutions.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

The following table shows the changes in prepaid expenses and accrued income.

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year
Prepaid expenses	81,421	(9,227)	72,194
Total prepaid expenses and accrued income	**81,421**	**(9,227)**	**72,194**

Prepaid expenses increased by € 1,886 after the merger operation and mainly include the portions for future years relating to insurance costs and other costs.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of Art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholders' equity

Shareholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Shareholders' equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28

Changes in shareholders' equity items

With reference to the year just ended, the table below sets out changes in the components of shareholders' equity of the last 2 years, as well as details of other reserves, if any.

FY ended March 31st, 2020 (which lasted 3 months):

	Balance at the beginning of the year	Allocation of the prior year result - Distribution of dividends	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	1,812,934	-	-	-	-	1,812,934
Revaluation reserves	-	-	-	-	-	-
Legal reserve	7,402	-	-	-	-	7,402
Extraordinary reserve	-	-	-	-	-	-
Other reserves	(1)	-	-	3,598,153	-	3,598,152
Retained earnings (accumulated losses)	138,268	-	(6,617,300)	-	-	(6,479,032)
Net income (loss) for the year	(6,617,300)	-	6,617,300	-	(311,276)	(311,276)
Total	**(4,658,697)**	**-**	**-**	**3,598,153**	**(311,276)**	**(1,371,820)**

Other changes - Increases comprise the increase in shareholders' equity on contribution of the investment (already jointly owned) in Adler RE S.r.l. during the accounting period that ended on March 31st, 2020.

FY ended March 31st, 2021 (which lasted twelve months):

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Other changes - Reclas-sifications	Result for the year	Balance at the end of the year
Capital	1,812,934	-	120,000	1,812,934	-	-	120,000
Share premium reserve	-	-	3,380,000	1,060,543	-	-	2,319,457
Legal reserve	7,402	-	-	7,402	-	-	-
Paid in for future capital increase	3,598,152	-	-	3,598,152	-	-	-
Retained earnings (accum. losses)	(6,479,032)	(311,276)	-	(6,479,031)	(569,532)	-	(880,809)
Net income (loss) for the year	(311,276)	311,276	-	-	-	(1,225,231)	(1,225,231)
Total	**(1,371,820)**	**-**	**3,500,000**	**-**	**(569,532)**	**(1,225,231)**	**333,417**

Other changes comprise the effects of the corporate transactions carried out to cover the losses that had completely consumed the share capital (rendering inapplicable the circumstances envisaged in art. 2447 of the Italian Civil Code that had arisen previously) and simultaneously reconstruct it, as well as the effects of the absorptions already described above.

Specifically with regard to the corporate transactions:

- By deed dated 14 April 2020 witnessed by Notary Agostini in Milan, reg. no. 83234 and folder no. 16710, the Company reduced the accumulated losses from € 6,617,300 to € 2,873,477 by using the entire amount of the legal reserve (€ 7,402), the retained earnings (€ 138,268, in the table deducted from "retained earnings (accumulated losses") and the capital contribution reserve (€ 3,598,153); the last-mentioned reserve was created on the contribution by AmFin Holding S.p.A. of the entire quota capital of Adler RE S.r.l.
- The same deed also resolved to cover additional losses totalling € 1,812,934 by writing down share capital in full and reconstructing it by subscribing for share capital totalling € 120,000 and, at the same time, paying a share premium of € 3,380,000 that was used, in part, to cover the residual losses of € 1,060,543.

With regard to the absorptions, the changes affecting shareholders' equity involved recognition of the merger surplus arising on the absorption of Adler RE S.r.l., principally related to the fair value of the Rovereto property, as decreased with reference to its acquisition value on the basis of independent appraisals (see the section on tangible fixed assets for further information).

Availability and use of shareholders' equity

The following table provides details of the components of shareholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available	Summary of utilisation in previous three financial years - to cover losses
Capital	120,000	Capital		-	1,812,934
Share premium reserve	2,319,457	Capital	A;B;C	2,319,457	1,060,543
Total	**2,439,457**			**2,319,457**	**2,873,477**
Amount not distributable				2,319,457	
Residual amount distributable				-	
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other					

The non-distributable portion of the share premium reserve relates to the presence of accumulated losses and the loss for the year, not yet covered, as well as capitalised development costs that have not been fully amortised and, lastly, deferred tax assets that are also treated as unrealised assets.

Provisions for risks and charges

The following table shows the changes in provisions for risks and charges.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Other changes	Changes during the year - Total	Balance at the end of the year
Other provisions	601,300	300,000	122,191	65,000	242,809	844,109

Other provisions

This item refers to potential liabilities of various nature (trade, tax, employment, etc.). Provisions were made in the year to cover liabilities of an employment nature; other changes related to the effect of the merger.

Employee termination indemnities

Changes in the provision for employee termination indemnities are shown in the following table:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Other changes	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnity	668,447	106,295	368,574	8,400	(253,879)	414,568

Note that the column "Changes during the year – Other changes" includes the effect of the merger and, more specifically, in employee termination indemnity transferred from the merged Grimeca S.r.l. following the aggregation.

Payables

Payables total € 7,701,867 at March 31st, 2021.
Pursuant to art. 12, para. 2 of Legislative Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 January 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	343,592	(343,592)	-	-	-
Due to other lenders	668	(668)	-	-	-
Advances	446,420	(26,454)	419,966	419,966	-
Trade payables	2,654,716	(1,606,768)	1,047,948	1,047,948	-
Payables due to associated companies	440,804	(440,804)	-	-	-
Due to parent companies	-	5,236,056	5,236,056	2,236,056	3,000,000
Taxation payable	2,740,492	(2,626,009)	114,483	114,483	-
Due to pension and social security institutions	247,877	159,506	407,383	407,383	-
Other payables	795,399	(319,368)	476,031	376,031	100,000
Total	**7,669,968**	**31,899**	**7,701,867**	**4,601,867**	**3,100,000**

In order to understand better the changes in the above captions, the following table shows the impact of the merger operation on the same:

	Balance at the beginning of the year	Increases due to the effect of the merger	Changes during the year	Carrying value at the end of the year
Due to shareholders for loans	-	160,000	(160,000)	-
Due to banks	343,592	-	(343,592)	-
Due to other lenders	668	-	(668)	
Advances	446,420	3,775	(30,229)	419,966
Trade payables	2,654,716	120,212	(1,726,980)	1,047,948
Payables due to associated companies	440,804	-	(440,804)	-
Due to parent companies	-	-	5,236,056	5,236,056
Taxation payable	2,740,492	1,065,004	(3,691,013)	114,483
Due to pension and social security institutions	247,877	1,935	157,571	407,383
Other payables	795,399		(319,368)	476,031
Total	**7,669,968**	**1,350,926**	**(1,319,027)**	**7,701,867**

Amounts due to shareholders related to the merged company Grimeca s.r.l. have been entirely paid during the year under review.

Amounts due to banks at March 31st, 2020 have been paid at the end of the year under review.

Advances of € 419,966 at March 31st, 2021 refer to amounts due from customers for the realisation of orders.

Trade payables, € 1,047,948 at March 31st, 2021, have decreased by € 1,726,980 during the year following settlement of the past-due amounts payable to suppliers following the liquidity injections made by Endurance Overseas S.r.l., the immediate parent company.

The amounts due to the parent company, € 5,236,056 at March 31st, 2021, include the loan granted by Endurance Overseas S.r.l. (€ 5,000,000, of which € 3,000,000 due beyond 12 months) during the year in order to enable the Company to settle its past-due balances with suppliers, the tax authorities and the social security and pension institutions. They also include additional amounts due for services received from and loan interest payable to Endurance Overseas S.r.l. (€ 116,692) and trade payables due to the ultimate parent company, Endurance Technologies Limited (€ 119,363).

Taxation payable, € 114,483 at March 31st, 2021, has decreased by € 3,691,013 during the year following settlement of the past-due amounts payable to the tax authorities earlier than envisaged in the related agreements.

There have not been any changes to amounts payable or the related payment terms as a consequence of the Covid-19 pandemic, or any violations of the related contractual clauses.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral.

Loans from shareholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	5,396	37,649	43,045
Deferred income	2,979,288	(599,640)	2,379,648
Total accrued expenses and deferred income	**2,984,684**	**(561,991)**	**2,422,693**

Accrued expenses refer to costs pertaining to the year but for which payment will be made in future years.
Deferred income relates to revenues from the licences to use patents and know-how granted to the current immediate parent company, Endurance Overseas S.r.l., in the years prior to the change of control. This income, fully taxed and deferred, is being recognised as revenue over the residual economic life of the concession.

Explanatory notes, income statement

The income statement reports the results for the year.
This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, are analysed into the following categories: core business, ancillary and financial activities.
Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.
Financial activities comprise those operations that generate financial income and expense.
Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

As stated in the introduction, the current and prior accounting periods are not comparable, considering both the impact of the absorptions (with accounting effect from April 1st, 2020), and their different durations. In particular, the length of the comparative period from January 1st, 2020 to March 31st, 2020 was determined by the need to align the financial year of the Company with that of the Endurance Group.

Value of production

The value of production during 2020/2021 is analysed below on a comparative basis:

Description	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)	Change
1) Revenues from sales of goods and services	6,852,972	1,908,837	4,944,135
2) Change in inventories of work in progress, semi-finished and finished products	(199,604)	(153,583)	(46,021)
5) Other income and revenues	562,569	149,151	413,418
Total	**7,215,937**	**1,904,405**	**5,311,532**

Cost of production

The following table provides a breakdown of production cost with comparative figures that, as explained in relation to the value of production, are not meaningful even though the accounting policies adopted are unchanged:

Description	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)	Change

Cost of raw and ancillary materials, consumables and goods for resale	1,701,810	253,181	1,448,629
Cost of services	2,318,235	843,947	1,474,288
Lease and rental charges	112,454	165,138	(52,684)
Payroll costs			
Wages and salaries	1,210,401	490,696	719,705
Social contributions	438,196	157,531	280,665
Employee termination indemnity	106,295	34,656	71,639
Other costs	61,833	12,700	49,133
Amortisation of intangible assets	811,344	163,809	647,535
Depreciation of tangible fixed assets	386,812	43,635	343,177
Other writedowns of fixed assets	245,905	465,694	(219,789)
Writedown of receivables included under current assets	-	3,583	(3,583)
Change in inventory of raw and ancillary materials, consumables and goods	705,746	(74,013)	779,759
Other accruals	300,000	60,000	240,000
Other operating expenses	125,205	98,181	27,024
Total	**8,524,236**	**2,718,738**	**5,805,498**

The costs incurred over the past year reflect the initial effects of the reductions achieved as a result of the reorganisation, as well as the impact of the related impairment adjustments recorded in the form of provisions and writedowns.

Financial income and charges

Financial income and charges are recorded on an accruals basis.
Financial income (€ 238) consisted entirely of bank interest.
Financial charges (€ 111,835) principally include the interest linked to tax liabilities of € 76,266, interest expense to the parent company Endurance Overseas S.r.l. of € 22,520 and financial expense.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues or other positive components deriving from exceptional events were recorded.
During the current year, no costs deriving from exceptional events were recorded.

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is recognised for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year ended March 31st, 2021 (12 months)	Period ended March 31st, 2020 (3 months)
Income taxes	**(199,800)**	**(535,022)**
Current taxation		
of which: IRES for the year (current)	-	156,033
of which: IRAP for the year (current)	-	58,058
of which: Taxation relating to prior years		
Net change in deferred taxation	(199,800)	(776,113)

Recognition of deferred tax assets and liabilities and their impact

	IRES Tax	IRAP Tax
A) Temporary differences		
Total deductible temporary differences	676,212	600,000
Total taxable temporary differences	1,886,254	308,545
Net temporary differences	1,210,042	(291,455)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(834,214)	(90,051)
Deferred tax liability (assets) of the year	(290,410)	11,367
Provision for deferred tax liability (assets) at the end of the year	(1,124,624)	(78,684)

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).
The balance of deferred tax assets and liabilities shown in the table reflects the reversal of deferred tax assets recognised in prior years and the current year recognition of new deferred tax assets and liabilities.
For IRES purposes, the principal temporary differences affecting deferred taxation relate to the recognition of tax losses, provisions and impairment adjustments, while reversals mainly relate to the release of deferred licence revenues that, for tax purposes, were taxed in full in the year in which the licence was granted.
For IRAP purposes, the principal temporary differences relate to the provisions and impairment adjustments recorded during the year, while the reversals were influenced by the release of deferred licence revenues that, for tax purposes, were taxed in full in the year in which the licence was granted.

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages.

	Executives	White collar	Blue collar	Total employees
Average number	2	21	29-	52

The workforce at March 31st, 2021 (consisting solely of Company employees) comprises 44 persons.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 c.c., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Directors	Statutory Auditors
Fees	193,888	15,600

Fees of the legal auditor or auditing firm

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Legal audit of the annual financial statements	Other non-audit services	Total fees earned by the legal auditor or auditing firm
Amount	12,600	1,050	13,650

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Italian Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

Transactions were carried out with related parties during the year; these transactions were entered into on an arm's length basis and, accordingly, in accordance with current legislation, no additional disclosure has been provided.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

The painful events associated with the spread of Covid-19 and the exceptional restrictive measures for its containment adopted by the public authorities as a consequence, considering both their nature and extent, have had both direct and indirect repercussions for economic activity and have created generalised uncertainty, the outcome and effects of which cannot be readily foreseen at this time. Even so, a steady recovery is expected with respect to the levels of activity experienced in 2020, although this depends very much on the measures adopted to contain the pandemic and the implementation of a widespread and effective vaccination plan.
At present, considering the actions already taken, the effects of the coronavirus epidemic are not expected to have an impact on business continuity.
The potential effects of this phenomenon on the financial statements cannot however be determined with absolute certainty; nevertheless, business activity is expected to grow as a result of both internal actions and the measures adopted by the government to tackle the pandemic.

For completeness, in order to facilitate implementation of the relaunch plans prepared by the Company, it is confirmed that the Board of Directors has called an Extraordinary Shareholders' Meeting to resolve on a capital increase totalling Euro 2.0 million. In addition, during May 2021, the Company formalised the agreements for participation in the cash pooling system organised by the Endurance Group in Europe.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited (*)	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

We can confirm that the company is not party to any financial derivatives.

Summary financial statements of the company which exercises management control and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which directly and indirectly owns the entire share capital of the Company.
The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at March 31st, 2020 (fixed on March 29th, 2020) was 82.8985 (77.7190 at March 2019) - (source www.ecb.europa.eu):

Balance sheet	Year ended March 31st, 2020	Year ended March 31st, 2019
Assets		
Non-current assets		
Fixed assets, net	15,396.06	12,629.37
Investments and other non-current assets	4,826.73	5,900.00
Current assets	9,605.88	11,022.75
Activities held for sale	-	33.37
Total Assets	**29,828.67**	**29,585.49**
Liabilities and shareholders' equity		
Shareholders' equity	**23,167.64**	**20,799.50**
Non-current liabilities		
Non-current financial liabilities	42.84	29.78
Other non-current liabilities	339.39	265.65
Current liabilities		
Current financial liabilities	5,643.49	7,738.02
Other current liabilities	635.31	752.54
Total liabilities and shareholders' equity	**29,828.67**	**29,585.49**

Income Statement	Year ended March 31st, 2020	Year ended March 31st, 2019
Revenues	**49,747.57**	**54,336.82**
Operating costs	41,962.53	46,854.49
Depreciation and amortisation	1,992.48	1,756.98
Financial charges	108.15	170.73
Non-recurring income/(expense)	-	(208.00)
Income before tax	**5,684.41**	**5,346.62**
Taxation for the year (current and deferred)	1,407.49	1,768.01
Income (loss) for the year	**4,276.92**	**3,578.61**
OCI - Other comprehensive income	(43.44)	(23.39)
Total statement of comprehensive income	**4,233.48**	**3,555.22**

The report on operations describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Information about derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

We can confirm that the company is not party to any financial derivatives.

Information pursuant to art. 1, paragraph 125, of Law 124 of 4 August 2017

As required by art. 1, para. 125, of Law 124/2017, it is confirmed that during the year, the Company did not receive any funds in the form of aid, grants or paid appointments or, in any case, any economic benefits of any kind, from public administrations or parties indicated in para. 125 of that article.

Proposed allocation of profits or coverage of losses

Shareholders, In light of the matters explained above, the Board of Directors proposes to carry forward the loss of the year.

Explanatory notes, closing section

Dear shareholders, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended March 31st, 2021, together with the proposed allocation of net income, as submitted by the Board of Directors.
The financial statements are true and fair and agree with the books of account.

Rovereto, May 13th, 2021

For the Board of Directors

Giuseppe Lisciani

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Endurance Adler S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Adler S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2021, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As illustrated by the Directors in paragraph "Key events" of the report of operations and in paragraph "Comparability of the previous year's figures" of the explanatory notes, during the year took place the merger of Adler RE S.r.l. and Grimeca S.r.l. in Endurance Adler S.p.A. Such transactions were assigned legal effects from January 1, 2021, with accounting and tax effects backdated to April 1, 2020.

In addition, with resolution dated April 16, 2020, the Shareholders' Meeting approved the change in the reference date of the financial year, setting the duration from April 1st to March 31st of the following year. This change was implemented in order to align the balance sheet date with that of the other companies of the Endurance Group. Consequently, the Company prepared the financial statements for

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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the 3 months period from January 1, 2020 to March 31, 2020, whose figures are therefore not comparable with those of the current period ended March 31, 2021 (referring to a 12 months period from April 1, 2020 to March 31, 2021).

Our opinion is not modified in respect of these matters.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Adler S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Adler S.p.A. does not extend to such data.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Endurance Adler S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of the Company as at March 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Endurance Adler S.p.A. as at March 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 18, 2021

This report has been translated into the English language solely for the convenience of international readers.

ENDURANCE ADLER SPA

Head office: VIA DI VITTORIO, 20/22 - ROVERETO (TN)
Trento Companies Register Trento Chamber of Commerce and Tax Code No. 00106120223
Trento Business Register (REA) no.TN 53464
Quota capital: € 120,000.00 subscribed and fully paid
VAT Number: 00106120223
Management policy and coordination: ENDURANCE TECHNOLOGIES PRIVATE LTD

Report of the Board of Statutory Auditors

Financial statements for the year ended March 31st, 2021

To the Shareholder,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the legal audit function was assigned to Deloitte & Touche S.p.A. in a letter of appointment dated March 31st, 2020; accordingly, this report describes solely the supervisory work carried out in accordance with the law.

Report to the Shareholder's Meeting pursuant to art. 2429, paragraph 2 of the Italian Civil Code - Administrative supervision

During the course of the financial year ended March 31st, 2021, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

Activities carried out by the Board of Statutory Auditors during the year ended March 31st, 2021

We supervised compliance with the law, with the articles of association and with principles of proper administration.

We attended shareholders' meetings and Board meetings, in respect of which, based on information made available, no matters came to our attention to indicate that there had been any infringements of the law or of the articles of association, nor transactions which were clearly imprudent, risky, likely to give rise to a conflict of interest or such as to compromise the integrity of the company's assets.

We acquired information from the directors on the status of capital transactions, with respect to which we have no particular observations to make.

In particular, during the year we supervised the absorption of Adler RE Srl and Grimeca Srl by Endurance Adler S.p.A. Pursuant to Article 2504 bis of the Italian Civil Code, the operation of business combination provided for the backdating of the accounting and tax effects to 1 April 2020, while the legal effects were attributed from 1 January 2021.

We obtained information from the directors on the company's performance and the likely outlook, as well as on the most significant transactions, in terms of size or characteristics, entered into by the company and by its subsidiaries and, based on the information obtained, we have no particular findings to report.

We met with the independent auditors and, with reference to those meetings, no significant information or data emerged that should be disclosed in this report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's organisational structure by obtaining information from function heads, with respect to which we have no particular findings to report.

We gained knowledge on and supervised, within the scope of our duties, the adequacy of and the operations of the company's administrative-accounting system, as well as on the reliability of the latter in correctly presenting the results of operations, by obtaining information from function heads, from the independent auditors and from an examination of corporate documents, and, with respect thereto, we have no particular findings to report.

No complaints were presented to us as per Art. 2408 of the Italian Civil Code.

During the course of the financial year, no opinions were issued by the Board of Statutory Auditors as required by law.

During the course of our supervisory activities, as described above, no other significant matters arose that are worthy of inclusion in this report.

This report therefore summarises our activity with regard to the requirements of art. 2429, para. 2 of the Italian Civil Code, namely information on:

- the results for the year;
- the work performed in fulfilment of our legal duties; the observations and proposals regarding the financial statements, with particular regard to any use made by the administrative body of the exception permitted by art. 2423, para. 5 of the Italian Civil Code;

In any case, we are at your complete disposal to examine any other aspects during the Shareholders' Meeting.

The work performed by us covered the entire financial year and regular meetings were held during the year pursuant to art. 2404 of the Italian Civil Code.

During our periodic checks, we gained knowledge on how the Company's activities were evolving, paying particular attention to contingent problems in order to identify the economic and financial impact on the result for the year and on the balance sheet, as well as any risks.

Minutes were drawn up of these meetings and duly signed for unanimous approval.

Supervisory activities pursuant to art. 2403 onwards of the Civil Code

The draft financial statements for the year ended March 31st, 2021, provided to us for our examination by the Board of Directors pursuant to art. 2429 of the Italian Civil Code, have been prepared in accordance with the requirements of Legislative Decree no. 127/91 and consist of:

- Balance sheet
- Income statement
- Statement of cash flows
- Explanatory notes

The result for the year is a loss of € 1,225,231, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2021	FY 2020	Difference
FIXED ASSETS	5,341,878	6,053,797	(711,919)
CURRENT ASSETS	6,302,582	4,417,361	1,885,221
ACCRUED EXPENSES AND DEFERRED INCOME	72,194	81,421	(9,227)
TOTAL ASSETS	11,716,654	10,552,579	1,164,075

Description	FY 2021	FY 2020	Difference
SHAREHOLDERS' EQUITY	333,417	(1,371,820)	1,705,237
PROVISION FOR RISKS AND CHARGES	844,109	601,300	242,809
PROVISION FOR EMPLOYEE TERMINATION INDEMNITY	414,568	668,447	(253,879)
PAYABLES	7,701,867	7,669,968	31,899
ACCRUED EXPENSES AND DEFERRED INCOME	2,422,693	2,984,684	(561,991)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,716,654	10,552,579	1,164,075

Income Statement

Description	FY 2021	FY 2020	Difference
VALUE OF PRODUCTION	7,215,937	1,904,405	5,311,532
REVENUES FROM SALES OF GOODS AND SERVICES	6,852,972	1,908,837	4,944,135
PRODUCTION COST	8,524,236	2,718,738	5,805,498
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	(1,308,299)	(814,333)	(493,966)
RESULT BEFORE TAXES (A-B+-C+-D)	(1,425,031)	(846,298)	(578,733)
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	(199,800)	(535,022)	335,222
PROFIT (LOSS) FOR THE YEAR	(1,225,231)	(311,276)	(913,955)

We have examined the draft financial statements for the year ended March 31st, 2021, including the Report on Operations, in relation to which we point out the following.

Due to the fact that we were not appointed as independent auditors of the financial statements, we have limited ourselves to monitoring the overall approach to their preparation and their general compliance with the law as regards their format and structure and we do not have any particular observations to make in this regard.

More precisely, we note that:

- The accounting policies used in preparing the financial statements at March 31st, 2021 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;

- pursuant to art. 2426 para. 5, of the Italian Civil Code, there are no start-up and expansion costs or development costs;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at March 31st, 2021 do not contain any amounts representing goodwill under intangible assets;
- pursuant to OIC 25, deferred tax assets have been allocated on the tax loss for the year as there is a reasonable certainty that they can be reabsorbed within the next five years.

We have verified compliance with the law regarding the structure of the directors’ report on operations and we do not have any particular observations to make thereon.

As far as we are aware, in the preparation of the financial statements, there was no failure by the directors to comply with the law pursuant to paragraph 5 of Art. 2423 of the Italian Civil Code.

Result for the year

The net result ascertained by the Directors for the year ended March 31st, 2021, as shown in the financial statements, is negative for € 1,225,231.

We do not have any observations on the proposal to carry forward the loss for the year, also in view of the proposal to recapitalise the company on which the shareholders' meeting of May 26th, 2021 will be invited to resolve. In this sense, a formal declaration of assent to the recapitalization proposal has already been received by the majority shareholder Endurance Overseas S.r.l.

Conclusion

Considering the results of the work performed by the independent auditors, as explained in their unqualified audit report, issued without any emphasis of matter on May 18th, 2021 and including an information paragraph regarding the change in the reporting date of the end of the financial year and the related effects on the comparability of the figures of the previous year as well as the corporate operation through which Adler RE S.r.l. and Grimeca S.r.l. were merged by incorporation by Endurance Adler S.p.A., we unanimously believe that there are no impediments to the "approval by the Shareholders' Meeting of the draft financial statements closed on March 31st, 2021, as drawn up and proposed by the Directors.

Milan, May 19th, 2021

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

ENDURANCE
Complete Solutions

REGISTERED OFFICE

E-92, MIDC Industrial Area, Waluj, Aurangabad 431136, Maharashtra, India.
Tel.: +91-240-2569600 | E-mail: investors@endurance.co.in

www.endurancegroup.com

Concept, Content & Design
WYATTPrism COMMUNICATIONS (info@wyatt.co.in)