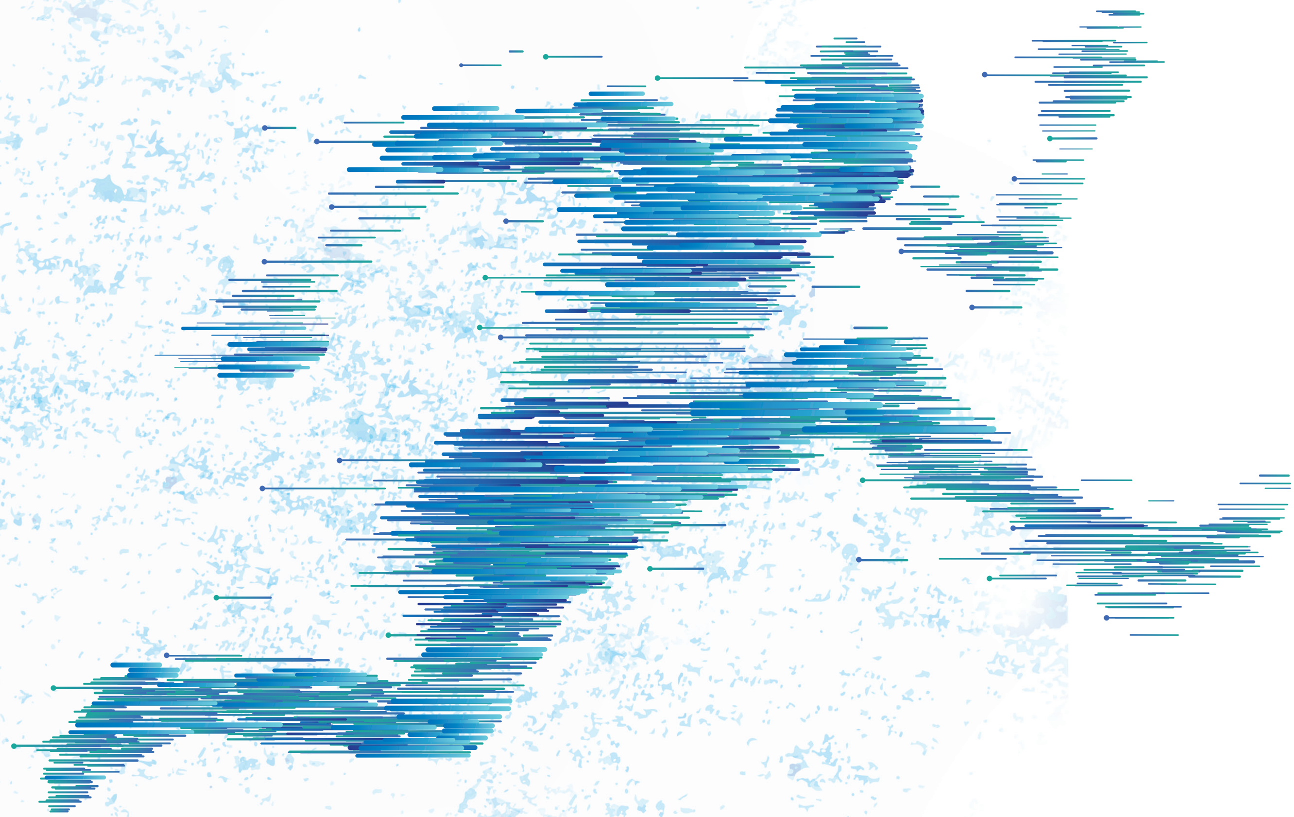
Endurance Technologies Limited

Annual Report of Subsidiary Companies I 2022-23



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Deloitte.

Endurance GmbH
Massenbachhausen/Germany

"Testatsexemplar"

i.e. audited management report and
annual financial statements
for the financial year from
1 April 2022 to 31 March 2023
plus corresponding independent auditor's report

TRANSLATION
– German version prevails –

Content

Endurance GmbH, Massenbachhausen/Germany

Management report for the financial year 2022/2023

General business conditions and environment

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

Influenced by the war in Ukraine and the intermittent disruptions to supply chains, the German economy recorded GDP growth of only +1.8% in 2022 (prior year +2.9%) and the automotive market recorded an increase in sales of 1.1% in new registrations (prior year -10.1%).

Business trend and financial performance

In the financial year 2022/2023, the revenue of the Company was at kEUR 50,137, which is a 1.7% growth from the prior year. This is due in particular to the volume-related increase in sales of aluminium die castings by kEUR 2,603 to kEUR 45,648, while sales of moulds decreased by kEUR 1,961 to kEUR 3,391 due to delays at suppliers.

The cost of raw materials, consumables and supplies, measured in relation to the Company's performance (sales revenues plus changes in inventories of finished goods and work in progress), remained constant at 47% compared to the prior year. The cost of purchased services showed a clear decrease on account of lower outsourcing.

Personnel expenses increased by 16% compared to the 2021/2022 financial year and by 4.2 percentage points in relation to the Company's performance, with a slight decrease in the number of employees. This is due in particular to the financial support provided by Endurance to employees to partially compensate for their burden of increased inflation.

Depreciations decreased by 8.4% in the financial year despite an increase in property, plant and equipment. This is due to the fact that the majority of the investments made were not put into operation until the end of the financial year or are still reported as assets under construction.

The other operating expenses slightly declined.

Financial performance – measured based on the operating result (EBIT) – amounts to kEUR 1,380 compared to EBIT of kEUR 1,640 in the prior year. Having taken into account the net interest income and the income taxes, the profit for the financial year 2022/2023 totals kEUR 1,389 compared to a profit for the prior year of kEUR 1,147.

The EBIT return on revenue slightly declined to 2.8% following the above-mentioned impacts and compared to a return on revenue of 3.3% in the prior year.

The planning, which had envisaged an EBIT in the order of the prior year, could not be fully realised. Measured against the challenges, the past financial year can be considered satisfactory.

Assets, liabilities and financial position

Due to the increased property, plant and equipment, the balance sheet total rose to kEUR 60,198 (prior year: kEUR 57,915). Therefore, the property, plant and equipment to total assets ratio slightly rose to 52.4% (prior year: 49.5%). Overall, the structure of the balance sheet remained constant. The Company's cash position in the financial year 2022/2023 was satisfactory.

Under inventories, raw materials, consumables and supplies have increased due to higher tool inventories for new production lines. Finished goods also increased due to pending releases of tools manufactured for customers. Due to high demand in March, work in progress and finished die castings have decreased.

The increase in trade receivables results from the high customer demand in March. The lower receivables from affiliated companies result from the repayment of the loan by Endurance Overseas of kEUR 3,000, at an increase of the cash pool of kEUR 1,868 to kEUR 2,785.

Bank balances decreased by kEUR 1,279 due to the self-financing of fixed asset investments.

Equity increased for earnings-related reasons. Prior-year net retained profits were fully allocated to revenue reserves. Following the increased balance sheet total, the equity ratio slightly reduced to 71.2% (prior year: 71.6%).

The other provisions rose on account of higher expected bonus payments to customers and higher staff-related facts.

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

The increase in trade payables is notably linked to the services provided by third parties for assets under construction.

Capital investments and financing

This financial year, the Company invested kEUR 5,822 in property, plant and equipment (prior year: kEUR 5,441). The investments concerned both equipment in mechanical production and in the foundry.

The leasing expenses for machinery and motor vehicles incurred in the financial year 2022/2023 amounted to kEUR 99 (prior year: kEUR 91). 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 234 employees. The number of apprentices was at 6.75 on the annual average.

In 2023/24, new staff is intended to be recruited in the mechanical production, quality assurance and foundry functions. The Company seeks to continuously raise productivity through internal and external staff training.

Risk report

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

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

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

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

Liquidity is controlled within the framework of short- and medium-term budgetary planning. Apart from unforeseeable circumstances, the Company anticipates that, based on the budgetary planning for 2023/2024, it will be able to finance budgeted capital investments of kEUR 5,531 through cash flows from operating activities.

Our Company is affected by normal price risks, especially in the areas of aluminium procurement and energy. There are energy price agreements for the calendar year 2023. There are no currency hedges or other long-term supply contracts.

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

The realisation of the current planning can be negatively affected by the uncertain political and economic overall situation and the existing problems at suppliers of investment goods. An impact on our financial position and financial performance cannot be excluded but has not yet been on hand until the date of preparation of the annual financial statements.

Outlook

A further deterioration of the German gross domestic product of 0.1% is expected for the calendar year 2023. For 2024, a minor recovery of 1.7% compared to the prior year is expected, with probable growth of 5% 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 2023/2024, 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 2023/2024, we expect revenue growth of 8% due to price adjustments. With a slightly higher cost of materials to revenue ratio, higher labour cost but also increasing productivity, an EBIT at the prior-year level is anticipated for the upcoming financial year.

Massenbachhausen/Germany, 5 May 2023

Endurance GmbH, Massenbachhausen/Germany

Balance sheet as at 31 March 2023

ASSETS	EUR	31 Mar. 2023 EUR	31 Mar. 2022 kEUR
A. Fixed assets			
I. Intangible fixed assets			
Software and licences acquired for a consideration		158,621.00	138
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	9,943,564.58		10,143
2. Technical equipment and machinery	13,703,759.00		12,710
3. Other equipment, operating and office equipment	1,777,997.00		1,569
4. Prepayments and assets under construction	6,100,393.99		4,239
		31,525,714.57	28,661
III. Long-term financial assets			
Shares in affiliated companies		4,616,000.00	4,616
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	5,886,908.40		5,383
2. Work in progress	2,018,219.46		2,794
3. Finished goods	3,269,765.37		2,464
4. Prepayments made	819,740.00		228
		11,994,633.23	10,869
II. Receivables and other current assets			
1. Trade receivables	6,442,727.27		4,959
2. Receivables from affiliated companies	2,789,724.45		4,872
- of which cash pool account: EUR 2,785,023.12 (prior year: kEUR 1,868)			
- of which loans to Endurance Overseas: EUR 0 (prior year: kEUR 3,000)			
3. Other assets	694,944.99		511
		9,927,396.71	10,341
III. Cash-in-hand and bank balances		1,765,687.21	3,045
C. Prepaid expenses		209,634.59	245
		60,197,687.31	57,915

EQUITY AND LIABILITIES	EUR	31 Mar. 2023 EUR	31 Mar. 2022 kEUR
A. Equity			
I. Subscribed capital			
1. Share capital	12,527,580.00		
2. Treasury shares acquired	-770,928.00		
		11,756,652.00	11,757
II. Capital reserves		4,179,062.31	4,179
III. Revenue reserves			
Other revenue reserves		25,527,825.10	24,381
IV. Profit for the year		1,388,931.45	1,147
		42,852,470.86	41,464
B. Provisions			
1. Tax provisions	0.00		657
2. Other provisions	7,959,577.03		6,242
		7,959,577.03	6,899
C. Liabilities			
1. Liabilities to banks	3,614,275.00		4,700
2. Trade payables	4,902,572.59		3,920
3. Liabilities to affiliated companies	99,584.87		355
4. Other liabilities	769,206.96		578
- of which taxes: EUR 468,939.30 (prior year: kEUR 338)			
- of which relating to social security and similar obligations: EUR 28,036.44 (prior year: kEUR 29)			
		9,385,639.42	9,553
		60,197,687.31	57,915

Endurance GmbH, Massenbachhausen/Germany

Statement of profit and loss
for the period from 1 April 2022 to 31 March 2023

		2022/2023 EUR	2022/2023 EUR	2021/22 kEUR
1.	Revenue	50,136,953.03		49,306
2.	Increase or decrease (-) in finished goods inventories and work in progress	-1,300,333.29		1,096
3.	Other operating income	216,742.41		29
			49,053,362.15	50,431
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies	22,966,045.51		23,638
	b) Cost of purchased services	4,137,309.15		5,817
			27,103,354.66	29,455
5.	Personnel expenses			
	a) Wages and salaries	10,600,684.48		9,036
	b) Social security, post-employment and other employee benefit costs	2,064,450.77		1,876
			12,665,135.25	10,912
	- of which post-employment costs: EUR 18,209.00 (prior year: kEUR 18)			
6.	Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of property, plant and equipment		3,115,888.11	3,403
7.	Other operating expenses		4,757,119.27	4,991
8.	Other interest and similar income		141,481.88	14
	- of which from affiliated companies: EUR 42,376.45 (prior year: kEUR 14)			
9.	Interest and similar expenses		57,664.97	64
			1,495,681.77	1,620
10.	Income taxes		75,353.23	443
11.	Earnings after taxes		1,420,328.54	1,177
12.	Other taxes		31,397.09	30
13.	Profit for the year		1,388,931.45	1,147

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

Notes to the financial statements for the financial year 2022/2023

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

Property, plant and equipment are recognised at acquisition cost, with depreciable assets being depreciated. Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful life, which is derived from the German tax depreciation tables. Assets with an individual net value of up to EUR 800.00 are fully depreciated in the year of acquisition. Additions to property, plant and equipment are depreciated on a pro rata basis. A lower value recognised based on write-downs is no longer used if the reasons for it lapsed.

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

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

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

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

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

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

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

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

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

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

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

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

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

Liabilities have been recognised at settlement value.

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

Notes to the balance sheet

Fixed assets

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

Receivables and other current assets

Like in the prior year, all trade receivables and other assets have a residual term of up to one year. The receivables from affiliated companies include cash pool receivables of kEUR 2,785 (prior year: kEUR 1,868). The loan granted to Endurance Overseas in an amount of kEUR 3,000 was repaid.

Equity

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

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

Other provisions

Provisions primarily comprise variable salary components (kEUR 735), warranty risks (kEUR 211), credit notes to be issued and tool cost allowances (kEUR 3,619) as well as outstanding invoices (kEUR 1,918).

Liabilities

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

Liabilities	31 March 2023				31 March 2022			
	Residual term of up to 1 year	Residual term of more than 1 year	Thereof residual term of more than 5 years	Total	Residual term of up to 1 year	Residual term of more than 1 year	Thereof residual term of more than 5 years	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1. Liabilities to banks	1,085.7	2,528.6	785.7	3,614.3	1,085.7	3,614.3	1,071.4	4.700.0
2. Trade payables	4,902.6			4,902.6	3,920.1			3,920.1
3. Liabilities to affiliated companies	99.6			99.6	354.6			354.6
4. Other liabilities	769.2			769.2	578.2			578.2
- Thereof from taxes	468.9			468.9	338.4			338.4
- thereof within the scope of social security	28.0			28.0	29.0			29.0

There are the following collaterals for liabilities to banks:

- The respective machines financed.
- A kEUR 4,000 land charge entered for the plant located Daimler-Straße 31.

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 of 31 March 2023:

		31 March 2023		
	Total	Residual term of up to 1 year	Residual term of more than 1 year	Thereof residual term of more than 5 years
Tenancy agreements and leases	301	137	164	-

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	2022/2023	2021/2022
	kEUR	kEUR
Aluminium die casting	45,648	43,045
Zinc die casting	337	225
Moulds	3,391	5,352
Other	808	741
	50,185	49,363
Sales deductions	-48	-57
	50,137	**49,306**

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:

	2022/2023	2021/2022
Industrial workers	184	188
Salaried employees	50	50
	234	238
Apprentices	6.75	7.75
	241	**246**

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 remuneration paid to the advisory board for the financial year 2022/2023 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	31
Other assurance services	31
Tax consultancy	7
Total	69

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 consolidated IFRS 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

General Management proposes (in conformity with the advisory board) to carry forward onto new account the profit for the year of EUR 1,388,931.45.

Massenbachhausen/Germany, 5 May 2023

Rinze Dijkstra   Massimo Venuti

Endurance GmbH, Massenbachhausen/Germany 31 Mar. 2023

Movements in fixed assets in EUR

	Acquisition cost 31 Mar. 2022	Addition	Disposal	Acquisition cost 31 Mar. 2023	Accumulated amortisation, depreciation and write-downs 31 Mar. 2022	Addition	Disposal / Write-ups	Accumulated amortisation, depreciation and write-downs 31 Mar. 2023	Book value 31 Mar. 2023	Book value 31 Mar. 2022
I. Intangible fixed assets										
Software and licences acquired for a consideration	373,316.87	80,224.00	0.00	453,540.87	235,076.87	59,843.00	0.00	294,919.87	158,621.00	138,240.00
	373,316.87	80,224.00	0.00	453,540.87	235,076.87	59,843.00	0.00	294,919.87	158,621.00	138,240.00
II. Property, plant and equipment										
1. Land and buildings including buildings on third-party land	12,238,125.11	188,636.09	0.00	12,426,761.20	2,094,966.53	388,230.09	0.00	2,483,196.62	9,943,564.58	10,143,158.58
2. Technical equipment and machinery	34,898,936.78	3,176,687.28	527,101.40	37,548,522.66	22,189,286.78	2,182,578.28	527,101.40	23,844,763.66	13,703,759.00	12,709,650.00
3. Other equipment, operating and office equipment	5,483,258.57	695,484.74	135,353.08	6,043,390.23	3,914,042.57	485,236.74	133,886.08	4,265,393.23	1,777,997.00	1,569,216.00
4. Prepayments and assets under construction	4,339,004.13	1,761,389.86	0.00	6,100,393.99	100,000.00	0.00	100,000.00	0.00	6,100,393.99	4,239,004.13
	56,959,324.59	5,822,197.97	662,454.48	62,119,068.08	28,298,295.88	3,056,045.11	760,987.48	30,593,353.51	31,525,714.57	28,661,028.71
III. Long-term financial assets										
Shares in affiliated companies	4,616,000.00	0.00	0.00	4,616,000.00	0.00	0.00	0.00	0.00	4,616,000.00	4,616,000.00
	4,616,000.00	0.00	0.00	4,616,000.00	0.00	0.00	0.00	0.00	4,616,000.00	4,616,000.00
	61,948,641.46	5,902,421.97	662,454.48	67,188,608.95	28,533,372.75	3,115,888.11	760,987.48	30,888,273.38	36,300,335.57	33,415,268.71

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INDEPENDENT AUDITOR'S REPORT

To Endurance GmbH, Massenbachhausen/Germany

Audit Opinions

We have audited the annual financial statements of Endurance GmbH, Massenbachhausen/Germany, which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss for the financial year from 1 April 2022 to 31 March 2023, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Endurance GmbH, Massenbachhausen/Germany, for the financial year from 1 April 2022 to 31 March 2023.

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 2023 and of its financial performance for the financial year from 1 April 2022 to 31 March 2023 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a material misstatement 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, 15 May 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

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

ENDURANCE OVERSEAS S.r.l.

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

Report on operations

Financial statements at 31/03/2023

Quotaholders,
The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2023; this document provides information on the Company's situation and performance in compliance with art. 2428 of the Italian Civil Code. 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

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

The economic picture for the period 2022/2023 has been strongly conditioned by the geopolitical tensions deriving from the conflict between Russia and Ukraine. The introduction of more and more sanctions to stop the war led to a progressive reduction in energy supplies (gas, in particular) and other raw materials from Russia. This caused a surge in prices due to the difficulties in quickly organising alternative sources of supply (due to typical structural constraints) and worries about not achieving adequate levels of storage. On European markets, the prices of gas and electricity (generated for a significant portion by gas-fired thermoelectric plants, also due to the lower contribution of generation from nuclear plants following the decommissioning of plants in Germany and suspension of the service for maintenance work in France) reached prices 10-14 times higher than historical averages for the summer months, with price increases starting as early as 2021.
The sudden hike in commodity prices rekindled inflationary pressures by inducing central banks to raise interest rates, abandoning the monetary stimulus measures applied up to now with their policy of zero or negative interest rates (in some countries).
These events have had repercussions on the economic performance of European countries, largely invalidating the post-Covid-19 recovery. The data released by the International Monetary Fund (IMF) say that growth in the world economy in 2022 was +3.4%, with the USA at +2.1%, China +3.0% and India +6.8%. Despite these difficulties, the European economy also managed to turn in a 3.5% increase in GDP (including Germany +1.8%, France +2.6% and Italy +3.7%) mainly thanks to the positive trend in the first part of the year.

With regard to the automotive sector, in the calendar year 2022, according to the figures published by ACEA (European Automobile Manufacturers' Association), new vehicle registrations in the world were the same as the previous year (66.2 million vehicles in 2022, as in 2021). Registrations fell by 4.6% in the European Union (9.255 million compared with 9.7 million in 2021) and by -9.2% in the USA, offset by the positive trend in China (+7.6% with 21.7 million compared with 20.2 million) and India (+23.1% but with a total market of only 3.8 million vehicles). In the European Union, battery electric vehicles (BEVs) achieved a market share of 12.1%, plug-in hybrids (PHEVs) 9.4% and HEV hybrids (including mild hybrids) 22.6%. Conversely, traditional internal combustion vehicles fell to a market share of 52.8% (of which petrol 36.4% and diesel 16.4%)

Registrations in the European Union for the same period as the financial year (April '22 - March '23) increased by 2.9%, highlighting a positive figure especially in the last quarter (from January to March 2023), which saw growth of almost

18% compared with the equivalent period of the previous year. So the trend is still positive, given the general difficulties of the period, but almost 24% away from pre-pandemic volumes (2018-2019).
The VW group, the main manufacturer with a share of almost a third of the EU market, achieved growth in registrations of +4.3%, Mercedes of +6.5% and Renault of +3.6%, while Stellantis fell by -5.2%, BMW by -0.6%.
According to the results of S&P Global Mobility released by ACEA, world car production has increased by 7.9% with growth in the European Union (+7.1% to 10.7 million vehicles), USA (+11.7%, to 7.1 million vehicles), China (+11.7% to 23.2 million vehicles) and India (+21.6% to 4.3 million vehicles). Germany is again the leading car producer with 3.3 million vehicles, almost 31% of output in the European Union.

In calendar year 2022, the trend in the motorcycle market was flat (+0.1% compared with the previous year) with 950,400 new registrations. The breakdown by country shows growth in Spain +6.3%, the UK +1.9% and Italy +0.7% (but after growing by +23.6% the previous year), a stable market in Germany and a contraction in France of -6.6%.

Due to the turbulence in the European energy market, compared with the historical cost of energy (up to 2020), electricity prices increased by 250% in 2022 and by a further 63% in 2023 compared with 2022 (for a combined effect of +460%), while gas prices increased by 300% in 2022 and by a further +70% in 2023 compared with 2022 (for a combined effect of +600%). This conditioned the performance of the subsidiaries given that prompt action and external support made it possible to contain further negative effects of last year's energy rise, but not a complete recovery of the effects suffered during the previous period, which continued to have an impact on the individual companies' results. Nonetheless, with the measures put in place, it was possible for the subsidiaries overall to achieve positive results, which are also improving.

Key events

The following is a summary of particularly significant facts during the year that are worth bringing to your attention.
Two important acquisitions were made with a view to strengthening the group's presence in the sector of components for two-wheeled vehicles (motorcycles and bicycles), namely:

- On 10/06/2022 with a deed drawn up by Notary Agostini in Milan rep. 86362/18445, the entire quota capital of Frenotecnica S.r.l., a company based in Rovereto that operates mainly in the production of brake pads for two-wheeled vehicles, was acquired for Euro 5.26 million plus ancillary charges;
- On 11/16/2022 with a deed drawn up by Notary Paolo Maria Smirne in Turin rep. 8328/6038, the entire quota capital of New Fren S.r.l., a company based in Ciriè operating mainly in the production and marketing of two-wheeled vehicle components such as brake pads and shoes, brake discs, clutch discs and centrifugal clutches) was acquired for Euro 1.15 million plus ancillary charges;
- In order to rationalise and reorganise the group, we decided on a partial demerger in favour of the subsidiary Endurance S.p.A., with a deed drawn up by Notary Roberto De Leo in Chivasso, rep. 171.022 /41.727, as a result of which the factory buildings used by the beneficiary for production purposes were transferred to it.

Management control 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 and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October 2016.
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 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 2023	%	FY 2022	%	Change	Change %
WORKING CAPITAL	**25,548,631**	**27.56 %**	**22,332,476**	**22.72 %**	**3,216,155**	**14.40 %**
Immediate liquidity	**4,459,716**	**4.81 %**	**13,482,720**	**13.72 %**	**(9,023,004)**	**(66.92) %**
Cash and cash equivalents	4,459,716	4.81 %	13,482,720	13.72 %	(9,023,004)	(66.92) %
Deferred liquidity	**21,088,915**	**22.75 %**	**8,849,756**	**9.00 %**	**12,239,159**	**138.30 %**
Current receivables included in working capital	5,214,973	5.63 %	4,300,362	4.38 %	914,611	21.27 %
Financial assets	15,650,381	16.89 %	4,419,962	4.50 %	11,230,419	254.08 %
Accrued income and prepaid expenses	223,561	0.24 %	129,432	0.13 %	94,129	72.72 %
FIXED ASSETS	**67,136,697**	**72.44 %**	**75,955,429**	**77.28 %**	**(8,818,732)**	**(11.61) %**
Intangible assets	2,305,000	2.49 %	4,120,636	4.19 %	(1,815,636)	(44.06) %
Tangible fixed assets	12,643	0.01 %	13,718,147	13.96 %	(13,705,504)	(99.91) %
Long-term financial assets	62,306,275	67.22 %	55,349,281	56.31 %	6,956,994	12.57 %
Non-current portion of receivables included in working capital	2,512,779	2.71 %	2,767,365	2.82 %	(254,586)	(9.20) %
CAPITAL EMPLOYED	**92,685,328**	**100.00 %**	**98,287,905**	**100.00 %**	**(5,602,577)**	**(5.70) %**

Balance Sheet - Liabilities and Equity

Item	FY 2023	%	FY 2022	%	Change	Change %
MINORITY INTEREST	**41,625,782**	**44.91 %**	**50,790,282**	**51.68 %**	**(9,164,500)**	**(18.04) %**
Current liabilities	**41,382,885**	**44.65 %**	**48,674,279**	**49.52 %**	**(7,291,394)**	**(14.98) %**
Current payables	41,341,433	44.60 %	48,616,980	49.46 %	(7,275,547)	(14.97) %
Accrued expenses and deferred income	41,452	0.04 %	57,299	0.06 %	(15,847)	(27.66) %
Non-current liabilities	**242,897**	**0.26 %**	**2,116,003**	**2.15 %**	**(1,873,106)**	**(88.52) %**
Non-current payables	-	-	639,000	0.65 %	(639,000)	(100.00) %
Provision for risks and charges	202,969	0.22 %	1,450,336	1.48 %	(1,247,367)	(86.01) %
Employee termination indemnities	39,928	0.04 %	26,667	0.03 %	13,261	49.73 %
EQUITY	**51,059,546**	**55.09 %**	**47,497,623**	**48.32 %**	**3,561,923**	**7.50 %**
Quota capital	16,105,263	17.38 %	16,105,263	16.39 %	-	-
Reserves	7,314,183	7.89 %	7,241,979	7.37 %	72,204	1.00 %
Retained earnings (accumulated losses)	11,571,851	12.49 %	22,786,577	23.18 %	(11,214,726)	(49.22) %
Net income (loss) for the year	16,068,249	17.34 %	1,363,804	1.39 %	14,704,445	1,078.19 %
SOURCES OF FINANCE	**92,685,328**	**100.00 %**	**98,287,905**	**100.00 %**	**(5,602,577)**	**(5.70) %**

Key indicators of financial position

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

RATIO	FY 2023	FY 2022	% Change
Fixed asset coverage	79.01%	64.90%	21.74%
Banks/Working capital	0.00%	20.52%	-100.00%
Debt ratio	0.82	1.07	-23.81%
Financial debt ratio	0.72	0.93	-23.07%
Equity/Capital employed	55.09%	48.32%	14.01%
Financial charges/Turnover	2.06%	1.82%	13.20%
Current ratio	62.65%	45.88%	36.55%
Primary coverage ratio	0.79	0.65	21.55%
Secondary coverage ratio	0.79	0.68	16.74%
Acid test ratio	62.65%	45.88%	36.55%

Results

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

Income Statement

Item	Year 2022-2023	%	Year 2021-2022	%	Change	Change %
VALUE OF PRODUCTION	**10,211,866**	**100.00%**	**10,302,640**	**100.00%**	**(90,774)**	**-0.88%**
- Consumption of raw materials	42,513	0.42%	40,715	0.40%	1,798	4.42%
- General expenses	1,204,426	11.79%	1,014,055	9.84%	190,371	18.77%
VALUE ADDED	**8,964,927**	**87.79%**	**9,247,870**	**89.76%**	**(282,943)**	**-3.06%**
- Payroll costs	5,182,936	50.75%	5,121,104	49.71%	61,832	1.21%
- Provisions	-	0.00%	-	0.00%	-	-
GROSS OPERATING MARGIN	**3,781,991**	**37.04%**	**4,126,766**	**40.06%**	**(344,775)**	**-8.35%**
- Depreciation, amortisation and writedowns	2,023,301	19.81%	2,108,260	20.46%	(84,959)	-4.03%
- Other operating expenses	273,440	2.68%	260,433	2.53%	13,007	4.99%
INCOME BEFORE FINANCIAL ITEMS (EBIT)	**1,485,250**	**14.54%**	**1,758,073**	**17.06%**	**(272,823)**	**-15.52%**
+ Financial items	14,641,456	143.38%	42,097	0.41%	14,599,359	34680.28%
INCOME BEFORE TAX	**16,126,706**	**157.92%**	**1,800,170**	**17.47%**	**14,326,536**	**795.84%**
- Taxation	58,457	0.57%	436,366	4.24%	(377,909)	-86.60%
NET INCOME	**16,068,249**	**157.35%**	**1,363,804**	**13.24%**	**14,704,445**	**1078.19%**
EBITDA	**3,508,551**	**34.36%**	**3,866,333**	**37.53%**	**(357,782)**	**-9.25%**

During the year, the Company received dividends of €15 million (of which €12 million from Endurance S.p.A., €2 million from Endurance Castings S.p.A. and €1 million from Endurance Engineering S.r.l.).

Key performance indicators

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

RATIO	FY 2023	FY 2022	% Change
R.O.E.	31.47%	2.87%	996.00%
R.O.I.	1.60%	1.79%	-10.41%
R.O.S.	14.54%	17.06%	-14.77%
R.O.A.	2.47%	2.94%	-15.90%

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, a description of the main risks and uncertainties to which the Company is exposed is set out below, 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. There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Furthermore, the tightening of international sanctions is affecting uncertainties about the prices of energy commodities, basic materials (metals in particular) and agricultural products with repercussions on consumer prices and the growth prospects for the Euro area. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company and its subsidiaries operate, is characterised by heated competition that is partly attributable to the sales trends in the automotive and two-wheeler markets. 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 and two-wheeler components sectors are characterised by continuous product development needed to satisfy the performances required by car and motorcycle manufacturers and by environmental legislation (governing emissions). Future investment by the Group will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. Failure to develop products and meet needs in terms of price, quality and the functionality imposed by end customers could adversely impact the prospects for the Group's operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:
- credit risk in relation to normal commercial transactions with customers of subsidiaries;
- liquidity 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 that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risk

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 risk

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 risk

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 types of financing and factoring, which in turn affect the level of the Company's financial charges.
To cope with these risks, the Company strives to maintain a suitable relationship between its financing structure and its capital employed, in line with the opportunities on offer 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 (the Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Italian Civil Code, 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 considered meaningful to present non-financial indicators.

Information on the environment

We can confirm that the Company has not applied any particular environmental policies because they are not necessary for our type of business.

Information on personnel management

The workforce amounted to 14 employees at the end of the year.
During the year, the main training activities involved specialisation courses for Supervisory Managers pursuant to Legislative Decree 231/01 and training courses for sustainability reporting and refresher courses for the various professional roles.

Research and development activities

Pursuant to paragraph 3.1 of Art. 2428 of the Civil Code, we can confirm that no proprietary R&D was carried out during the year.

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 Italian Civil Code. Specifically, this refers to loans converted into equity reserves.

Receivables from affiliates classified as long-term financial assets

Description	FY 2023	FY 2022	Change
from subsidiaries	-	3,000,000	3,000,000-
Total	*-*	*3,000,000*	*3,000,000-*

The interest-bearing financial receivables due from the subsidiary Endurance Adler S.p.A. were converted into an extraordinary equity reserve to strengthen its capital base and provide support for the investment programme that marks its relaunch.

Receivables from affiliates classified as current assets

Description	FY 2023	FY 2022	Change
from subsidiaries	1,440,409	831,963	608,446
from parent companies	301,025	300,645	380
from fellow subsidiaries	169,000	279,263	110,263-
Total	*1,910,434*	*1,411,871*	*498,563*

Receivables due from subsidiaries: € 1,440,409 (compared with € 831,963 the previous year) 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: € 169,000 due from Endurance GmbH for support provided to this German subsidiary;

Receivables due from parent companies: € 301,025 refer to receivables from the parent company Endurance Technologies Ltd in connection with the sub-licence agreement signed to make use of the intellectual property rights on patents, trademarks and know-how.

Payables to and loans from affiliates

Description	FY 2023	FY 2022	Change
payables due to subsidiaries	33,739,613	34,127,865	388,252-
payables due to fellow subsidiaries	2,789,752	4,871,574	2,081,822-
Total	*36,529,365*	*38,999,439*	*2,470,074-*

Due to subsidiaries within one year, € 33,739,613, as analysed below:

- € 3,000,000 for the loan received from Endurance S.p.A.;

- € 26,405,333 for the amount due related to the cash pooling arrangement, of which
  - € 17,357,616 to Endurance S.p.A.
  - € 5,503,056 due to Endurance Castings S.p.A.
  - € 1,723,933 due to Veicoli S.r.l.
  - € 1,453,963 to Endurance Engineering S.r.l.
  - € 366,764 verso Endurance Adler S.p.A.
- € 4,206,456 for amounts due to subsidiaries as part of the tax consolidation
- trade payables of € 127,824;

Payables to fellow subsidiaries are due to the associate Endurance GmbH for € 2,789,752 and to the cash pooling system for € 2,785,051, with the balance being trade payables for € 4,701.

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 last quarter of the calendar year 2022 showed a marked slowdown in GDP in all western economies. For 2023, the International Monetary Fund forecasts world economic growth of 2.8%, which drops to 1.6% for the USA and 0.8% for the Eurozone (including -0.1% for Germany and +0.7% for France and Italy).

The growing weight of the cost of living and higher financial charges is weakening the purchasing power of consumers and the investment possibilities of businesses. It will depend on Central Banks to balance monetary policy tools appropriately and ensure that the sudden increase in rates needed to contain the increase in prices does not turn into a severe recession or "hard landing". Having reached 11% in the latter part of 2022, there are signs of inflation slowing down in many European countries as energy prices have recently fallen significantly compared with the dramatic peaks of 2022, but they are still much higher than they were pre-2020 (2-3 times).

A return to prior conditions is hard to foresee in the near future, given that geopolitical tensions do not seem destined to ease, also due to the lack of concrete solutions that could bring an end to the war, as everyone hopes.

For the time being, there is still a general sense of uncertainty which makes it hard to imagine how the various scenarios deriving from the geopolitical crisis could affect the fate of the world economy and what the repercussions might be for the automotive sector. If conditions remain oriented towards normality, expectations for the Company and its subsidiaries are that they will achieve positive results.

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 Company has repaid all of its bank loans and does not therefore have any interest-rate hedges in place; the interest rate swaps and caps taken out previously have expired.

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

- to approve the financial statements at 31/03/2023 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, 12/05/2023

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:	yes
Name of the company or entity that exercises management control and coordination:	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:	n/a

Financial statements for the year ended 31/03/2023

Balance sheet

	31/03/2023	31/03/2022
Assets		
B) Fixed assets		
I - Intangible assets	-	-
4) Concessions, licences, trademarks and similar rights	2,305,000	3,467,500
5) Goodwill	-	653,136
Total intangible assets	*2,305,000*	*4,120,636*
II - Tangible assets	-	-

	31/03/2023	31/03/2022
1) Land and buildings	-	13,501,991
2) Plant and machinery	-	201,222
3) Industrial and commercial equipment	-	1,117
4) Other assets	12,643	13,817
Total tangible assets	*12,643*	*13,718,147*
III - Long-term financial assets	-	-
1) Equity investments in	-	-
a) subsidiaries	62,306,275	52,349,281
Total equity investments	*62,306,275*	*52,349,281*
2) Receivables	-	-
a) from subsidiaries	-	3,000,000
due beyond one year	-	3,000,000
Total receivables	*-*	*3,000,000*
Total long-term financial assets	*62,306,275*	*55,349,281*
Total fixed assets (B)	*64,623,918*	*73,188,064*
C) Current assets		
II - Receivables	-	-
1) from customers	-	4,332
due within one year	-	4,332
2) from subsidiaries	1,440,409	831,963
due within one year	1,440,409	831,963
4) from parent companies	301,025	300,645
due within one year	301,025	300,645
5) from fellow subsidiaries	169,000	279,263
due within one year	169,000	279,263
5-bis) tax receivables	3,291,364	2,864,269
due within one year	3,291,364	2,864,269
5-ter) deferred tax assets	2,484,209	2,738,795
5-quater) due from others	41,745	48,460
due within one year	13,175	19,890
due beyond one year	28,570	28,570
Total receivables	*7,727,752*	*7,067,727*
III - Current financial assets	-	-
6) other securities	15,650,381	4,419,962
Total current financial assets	*15,650,381*	*4,419,962*

	31/03/2023	31/03/2022
IV - Cash and cash equivalents	-	-
1) Bank and postal deposits	4,459,376	13,482,508
3) Cash on hand	340	212
Total cash and cash equivalents	*4,459,716*	*13,482,720*
Total current assets (C)	*27,837,849*	*24,970,409*
D) Accrued income and prepaid expenses	**223,561**	**129,432**
Total assets	*92,685,328*	*98,287,905*
Liabilities and quotaholders' equity		
A) Quotaholders' equity	**51,059,546**	**47,497,623**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
IV - Legal reserve	1,445,449	1,377,259
VI - Other reserves, shown separately	-	-
Extraordinary reserve	5,563,997	5,563,997
Total other reserves	*5,563,997*	*5,563,997*
VII - Cash flow hedging reserve	-	(4,014)
VIII - Retained earnings (accumulated losses)	11,571,851	22,786,577
IX - Net income (loss) for the year	16,068,249	1,363,804
Total quotaholders' equity	51,059,546	47,497,623
B) Provision for risks and charges		
2) for current and deferred taxation	202,969	1,445,054
3) derivatives	-	5,282
Total provisions for risks and charges	*202,969*	*1,450,336*
C) Employee termination indemnities	**39,928**	**26,667**
D) PAYABLES		
4) due to banks	-	5,124,764
due within one year	-	5,124,764
7) trade payables	192,499	117,453
due within one year	192,499	117,453
9) due to subsidiaries	33,739,613	34,127,865
due within one year	33,739,613	33,488,865
due beyond one year	-	639,000
11-bis) due to fellow subsidiaries	2,789,752	4,871,574
due within one year	2,789,752	4,871,574
12) tax payables	953,760	738,620

	31/03/2023	31/03/2022
due within one year	953,760	738,620
13) due to pension and social security institutions	594,958	548,700
due within one year	594,958	548,700
14) other payables	3,070,851	3,727,004
due within one year	3,070,851	3,727,004
Total payables	*41,341,433*	*49,255,980*
E) Accrued expenses and deferred income	**41,452**	**57,299**
Total liabilities and quotaholder's equity	*92,685,328*	*98,287,905*

Income statement

	31/03/2023	31/03/2022
A) Value of production		
1) Revenues from sales of goods and services	8,751,850	8,551,917
5) Other income and revenues	-	-
Operating grants	-	180,000
Other	1,460,016	1,570,723
Total other income and revenues	*1,460,016*	*1,750,723*
Total value of production	*10,211,866*	*10,302,640*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	42,513	40,715
7) services	852,243	661,091
8) lease and rental charges	352,183	352,964
9) payroll	-	-
a) wages and salaries	4,232,009	4,320,152
b) social contributions	652,531	525,247
c) employee termination indemnities	279,598	269,635
e) other costs	18,798	6,070
Total payroll costs	*5,182,936*	*5,121,104*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible assets	1,244,660	1,254,455
b) depreciation of tangible assets	778,641	853,805
Total depreciation, amortisation and writedowns	*2,023,301*	*2,108,260*
14) other operating expenses	273,440	260,433
Total cost of production	*8,726,616*	*8,544,567*

	31/03/2023	31/03/2022
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**1,485,250**	**1,758,073**
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments	-	-
from subsidiaries	15,000,000	-
Total income from equity investments	*15,000,000*	*-*
16) Other financial income	-	-
d) Income other than the above	-	-
from subsidiaries	73,411	18,382
Other	293,485	119,744
Total income other than the above	*366,896*	*138,126*
Total other financial income	*366,896*	*138,126*
17) Interest and other financial charges	-	-
to subsidiaries	109,017	58,560
to fellow subsidiaries	42,376	13,560
Other	28,915	83,709
Total interest and other financial charges	*180,308*	*155,829*
Total financial income and charges (15+16-17+-17-bis)	*15,186,588*	*(17,703)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
c) current financial assets excluding equity investments	-	24,397
d) of financial derivatives	-	35,403
Total revaluations	*-*	*59,800*
19) writedowns	-	-
a) equity investments	2,177	-
c) current financial assets excluding equity investments	542,955	-
Total writedowns	*545,132*	*-*
Total adjustments to financial assets and liabilities (18-19)	*(545,132)*	*59,800*
Income (loss) before taxes (A-B+-C+-D)	**16,126,706**	**1,800,170**
20) Income taxes for the year, current and deferred		
current taxation	55,281	365,172
taxation relating to prior years	-	(791)
deferred taxation	3,176	(1,240,681)
income (charges) from tax consolidation/tax transparency	-	(1,312,666)
Total income taxes for the year, current and deferred	*58,457*	*436,366*
21) Net income (loss) for the year	**16,068,249**	**1,363,804**

Statement of cash flows (indirect method)

	Amount at 31/03/2023	Amount at 31/03/2022
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	16,068,249	1,363,804
Taxation	58,457	436,366
Interest expense/(interest income)	(186,588)	17,703
(Dividends)	(15,000,000)	
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*940,118*	*1,817,873*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	13,261	10,324
Depreciation and amortisation of fixed assets	2,023,302	2,108,260
Other adjustments up or (down) for non-cash items	4,014	(4,014)
Total adjustments for non-cash items that had no contra-entry in net working capital	*2,040,577*	*2,114,570*
2) Cash flow before changes in net working capital	*2,980,695*	*3,932,443*
Change in net working capital		
Decrease/(Increase) in trade receivables	(494,231)	(88,414)
Increase/(Decrease) in trade payables	(2,395,028)	(2,484,655)
Decrease/(Increase) in accrued income and prepaid expenses	(94,129)	(11,047)
Increase/(Decrease) in accrued expenses and deferred income	(15,847)	(22,167)
Other decreases/(Other Increases) in net working capital	(11,334,523)	130,401
Total changes in net working capital	*(14,333,758)*	*(2,475,882)*
3) Cash flow after changes in net working capital	*(11,353,063)*	*1,456,561*
Other adjustments		
Interest collected/(paid)	186,588	(17,703)
(Income taxes paid)	(514,901)	(303,374)
Dividends received	15,000,000	
(Use of provisions)	(255,424)	(153,103)
Total other adjustments	*14,416,263*	*(474,180)*
Cash flow from operating activities (A)	***3,063,200***	***982,381***
B) Cash flows from investing activities		
Tangible fixed assets		
(Additions)	(4,445)	(1,100)
Intangible assets		
(Additions)		(2,250,000)
Long-term financial assets		

	Amount at 31/03/2023	Amount at 31/03/2022
(Additions)	(6,956,994)	(2,536,855)
Cash flow from investing activities (B)	***(6,961,439)***	***(4,787,955)***
C) Cash flows from financing activities		
Third-party funds		
(Repayment of loans)	(5,124,765)	(5,610,146)
Cash flow from financing activities (C)	***(5,124,765)***	***(5,610,146)***
Increase (decrease) in cash and cash equivalents (a ± b ± c)	***(9,023,004)***	***(9,415,720)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	13,482,508	22,898,083
Cash on hand	212	357
Total cash and cash equivalents at the beginning of the year	13,482,720	22,898,440
Cash and cash equivalents at the end of the year		
Bank and postal deposits	4,459,376	13,482,508
Cash on hand	340	212
Total cash and cash equivalents at the end of the year	4,459,716	13,482,720

Information on the statement of cash flows

The statement of cash flows 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.

Explanatory notes - first part

Quotaholders,

These notes are an integral part of the financial statements for the year ended 31 March 2023.

The financial statements submitted for your approval show net income of € 16,068,249, after current and deferred taxes that give a negative balance of € 58,457 and depreciation and amortisation of € 2,023,301.

Basis of preparation

Preparation of the financial statements

The financial statements for the year ended 31 March 2023 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.

Two important acquisitions were made with a view to strengthening the group's presence in the sector of components for two-wheeled vehicles (motorcycles and bicycles), namely:

- On 10/06/2022 with a deed drawn up by Notary Agostini in Milan rep. 86362/18445, the entire quota capital of Frenotecnica S.r.l., a company based in Rovereto that operates mainly in the production of brake pads for two-wheeled vehicles, was acquired for Euro 5.26 million plus ancillary charges;
- On 11/16/2022 with a deed drawn up by Notary Paolo Maria Smirne in Turin rep. 8328/6038, the entire quota capital of New Fren S.r.l., a company based in Ciriè operating mainly in the production and marketing of two-wheeled vehicle components such as brake pads and shoes, brake discs, clutch discs and centrifugal clutches) was acquired for Euro 1.15 million plus ancillary charges;

In order to rationalise and reorganise the group, we decided on a partial demerger in favour of the subsidiary Endurance S.p.A., with a deed drawn up by Notary Roberto De Leo in Chivasso, rep. 171.022 /41.727, as a result of which the factory buildings used by the beneficiary for production purposes were transferred to it.

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 notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Italian Civil Code.

The accounting policies 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 of the Italian Civil Code, 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 asset or liability 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 items in the financial statements are measured in accordance with the prudence and materiality concepts 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 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

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

Accounting policies

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

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

Preparation of the financial statements

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

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

The accounting policies 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 of the Civil Code, it is hereby confirmed 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 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 patents 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 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 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.

Tangible assets

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

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

Tangible 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 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, the asset is written down accordingly, regardless of the depreciation already recorded; 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 (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 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 long-term financial assets)

The equity investments and debt securities classified as long-term financial 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 long-term 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 2023.

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 without exceeding the 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 recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

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

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

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

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in quotaholders' equity (under the “Reserve for cash flow hedges”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to 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 “Cash flow hedging reserve”) in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

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

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

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

Revenues

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

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

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

Costs

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

Dividends

Dividends are recognised in the year in which they are declared by the quotaholders' meeting. 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.

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

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

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

Translation of foreign currency items

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

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

Measurement of components denominated in foreign currency

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

Intangible assets

After having charged amortisation for the year of € 1,244,660, the balance of intangible assets is € 2,305,000.

Movements in intangible assets

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

	Start-up and expansion costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year						
Cost	52,430	33,452	5,250,000	1,345,787	75,684	6,757,353
Amortisation (Accumulated amortisation)	52,430	33,452	1,782,500	692,651	75,684	2,636,717
Carrying amount	-	-	3,467,500	653,136	-	4,120,636
Changes during the year						
Disposals (at carrying amount)	-	-	-	570,976	-	570,976
Amortisation for the year	-	-	1,162,500	82,160	-	1,244,660
Total changes	-	-	*(1,162,500)*	*(653,136)*	-	*(1,815,636)*
Balance at the end of the year						
Cost	52,430	33,452	5,250,000	-	75,684	5,411.566
Amortisation (Accumulated amortisation)	52,430	33,452	2,945,000	-	75,684	3,106,566
Carrying amount	-	-	2,305,000	-	-	2,305,000

Industrial patents and intellectual property rights (fully amortized at 31 March 2023) relate to the licences for the management software used by the Company, which are amortised over 3 years.

Goodwill, which was reduced to zero during the year as a result of the partial demerger mentioned previously, had been recorded in previous years, as a portion of the deficit arising from the merger by absorption of the subsidiaries Haminoea S.r.l. and Lomec S.r.l. by the parent company Endurance Overseas S.r.l. (the "Merger") carried out in FY 2014-2015, based on the higher value allocated to certain properties being bought under finance leases.

This Merger led to the emergence of a total merger deficit of € 6.3 million, being the difference between the carrying amount of the quotas of the two companies being merged and the related book 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 what was then 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 was cancelled during the year as shown in the above table under "other changes" as the assets to which the goodwill had been allocated were transferred to the beneficiary following the partial demerger mentioned previously.

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.

The concessions, licences, trademarks and similar rights recognised in the financial statements at 31 March 2023 for € 2,305,000 (€ 3,467,500 at 31 March 2022), refer to the licence for the exclusive exploitation of patents, know-how, trademarks and other intellectual property rights for the design, manufacture and marketing of innovative clutches, brake discs and braking systems for the motorcycle market. This licence was acquired in two stages: the first part of know-how was purchased from Adler S.p.A. before this company joined the Endurance Group, whereas the second part was acquired in June 2021 and concerns patents and intellectual property rights, technology, know-how and the “G Grimeca” brand for the production and marketing of brake discs and braking systems.

Tangible assets

Tangible assets recorded in the financial statements at 31/03/2023 amounted to € 12,643, net of accumulated depreciation of € 179,423 and refer entirely to other assets.

Movements in tangible assets

The changes during FY 2022/2023 are analysed below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total tangible assets
Balance at the beginning of the year					
Cost	20,547,507	789,939	10,226	187,622	21,535,294
Depreciation (Accumulated depreciation)	7,045,516	588,717	9,109	173,805	7,817,147
Carrying amount	13,501,991	201,222	1,117	13,817	13,718,147
Changes during the year					
Additions	-	-	-	4,444	4,444
Depreciation for the year	726,529	46,162	332	5,618	778,641
Other changes	(12,775,462)	(155,060)	(785)	-	(12,931,307)
Total changes	*(13,501,991)*	*(201,222)*	*(1,117)*	*(1,174)*	*(13,705,504)*
Balance at the end of the year					
Cost	-	-	-	192,066	192,066
Depreciation (Accumulated depreciation)	-	-	-	179,723	179,723
Carrying amount	-	-	-	12,343	12,343

The table above shows the effects of the partial demerger which took place during the year under "other changes", by virtue of which the assets previously included in land and buildings, plant and machinery and equipment were transferred to the beneficiary Endurance S.p.A.

Long-term financial assets

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

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

Name	City or Country	Share/quota capital	Result for FY 2022/23	Equity at 31/03/2023	Equity interest held (%)	Equity interest held (amount)	Carrying amount
ENDURANCE SPA	Chivasso (Turin)	5,000,000	4,049,067	87,287,693	100.00%	87,287,693	34,054,358
ENDURANCE ENGINEERING SRL	Turin	100,000	693,181	5,680,154	100.00%	5,680,154	2,000,000
ENDURANCE CASTINGS SPA	Bione (BS)	900,000	2,707,045	12,857,608	100.00%	12,857,608	8,182,200
ENDURANCE ADLER SPA	Rovereto (TN)	840,000	181,752	5,683,039	100.00%	5,683,039	8,581,868
VEICOLI SRL	Turin	500,000	66,758	1,867,384	100.00%	1,867,384	2,530,855
FRENOTECNICA SRL	Rovereto (TN)	120,000	36,028	1,061,572	100.00%	1,061,572	5,791,177
NEW FREN SRL	Ciriè (Turin)	120,000	(383,109)	966,891	100.00%	966,891	1,165,394
GDS SARL (*)	Sousse (Tunisia)	3,007		76,929	1.00%	769	423
Total							**62,306,275**

(*) The figures - relating to the share of direct ownership - are expressed in Tunisian dinars converted into Euros at the exchange rate of 3.3257 prevailing on 31.03.2023 (source: Bank of Italy).

As mentioned in the introduction and explained in greater detail in the directors' report, the entire quota capital of Frenotecnica S.r.l. was acquired on 10/06/2022 with a deed drawn up by Notary Agostini in Milan rep. 86362/18445. The initial investment of Euro 5,260,000 plus ancillary charges was followed by the recapitalisation of the company (on 13/02/2023 with deed drawn up by Notary Agostini in Milan, rep. 87131/18848) as approved by the general meeting for a total of Euro 500,000 with Euro 70,000 as an increase in quota capital and the rest going to the extraordinary reserve. At the same time, Frenotecnica S.r.l. brought its financial year-end into line with the rest of the group.

On 16/11/2022 with a deed drawn up by Notary Paolo Maria Smirne in Turin rep. 8.328/6.038, the entire quota capital of New Fren S.r.l., a company operating mainly in the production and marketing of two-wheeled vehicle components such as brake pads and shoes, brake discs, clutch discs and centrifugal clutches) was acquired. The investment amounted to Euro 1,150,000 plus ancillary charges.

To strengthen the subsidiary's capital, on 28/03/2023 by resolution of the general meeting, it was decided to convert the loan previously granted to Endurance Adler S.p.A. into an extraordinary reserve

With the sole exception of the companies that have recently joined the group (Endurance Adler S.p.A., Veicoli S.r.l., Frenotecnica S.r.l. and New Fren S.r.l.), the carrying amount of the investments in the subsidiaries is significantly lower than the corresponding share of equity held thanks to the positive results that they have achieved. The reorganisation and development plan currently being implemented at the recently acquired companies (Endurance Adler S.p.A., Frenotecnica S.r.l., New Fren S.r.l. and Veicoli S.r.l.) should make it possible to achieve positive results and hence recover the differential between the companies' carrying amount and their net equity.

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

Changes in and maturity of non-current receivables

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

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

The item in question relates to interest-bearing loans granted to Endurance Adler S.p.A. and converted into an extraordinary reserve, as mentioned above.

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 illustrated in the respective financial statements items

Current receivables

These total € 7,727,752 at 31 March 2023, up by € 660,025 since 31 March 2022 (€ 7,067,727).

The increase in current receivables is attributable to the increase in tax receivables and receivables due from subsidiaries, as detailed in the following table.

They are shown at their estimated realisable value as application of the amortised cost or discounting methods would not have been suitable for providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	4,332	(4,332)	-	-	-
Receivables due from subsidiaries	831,963	608,446	1,440,409	1,440,409	-
Receivables due from parent companies	300,645	380	301,025	301,025	-
Receivables due from fellow subsidiaries	279,263	(110,263)	169,000	169,000	-
Tax receivables	2,864,269	427,095	3,291,364	3,291,364	-
Deferred tax assets	2,738,795	(254,586)	2,484,209	-	-
Other receivables	48,460	(6,715)	41,745	13,175	28,570
Total	**7,067,727**	**660,025**	**7,727,752**	**5,214,973**	**28,570**

Receivables due from subsidiaries: €1,440,409, of which €1,365,357 refers to trade receivables due from subsidiaries in relation to operational and financial services provided by the Company to investees within the Group's management structure, and for the rest to amounts due from the subsidiary Endurance Engineering S.r.l. as part of the tax consolidation pursuant to arts. 117-129 of the Consolidated Income Tax Act (CITA).

Receivables due from parent companies: € 301,025 for trade receivables due from the parent company Endurance Technologies Ltd in relation to the sub-licensing of the patents and know-how acquired from Endurance Adler S.p.A. for the production of clutches and braking systems for motorcycles.

Receivables due from fellow subsidiaries: € 169,000 due from Endurance GmbH for support provided to the German subsidiary.

Tax receivables: The amount of € 3,291,364 refers for € 2,607,721 to the difference between the IRES (corporate income tax) charge for the year and the advances paid as part of the tax consolidation pursuant to arts. 117/129 of the CITA established with Endurance S.p.A., Endurance Engineering s.r.l., Endurance Castings S.p.A. and Endurance Adler S.p.A., for € 309,854 as the difference between the IRAP (Regional Business Tax) charge for the year and the advances paid, for € 47,979 to recoverable VAT and for € 324,789 to withholdings incurred on income generated abroad.

Deferred tax assets: 2,484,209 is the effect due to the valuation of negative income components the deductibility of which is postponed to future years, whereas their recoverability is certain. For more details on this item, see the relevant section below. Other receivables: € 41,745, of which € 28,570 due beyond one year in relation to guarantee deposits.

Breakdown of current receivables by geographical area

In terms of the geographical distribution of receivables, the above amounts are due to the Company by Italian counterparties, except as mentioned in relation to the amounts receivable from Endurance GmbH (€ 169,000) and Endurance Technologies Ltd (€ 301,025).

Current financial assets

Movements in current financial assets

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

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Other securities	4,419,962	11,230,419	15,650,381
Total	*4,419,962*	*11,230,419*	*15,650,381*

Other securities comprise short-term investments held by the Company in order to employ available liquidity: these include insurance policies (for a total of € 1,000,000), US government bonds: T-Bonds at a nominal rate of 4.5% maturing on 15.02.2036 (€ 3,058,759) and Treasuries at a nominal rate of 2.125% maturing in 2025 (€ 1,768,822), bank bonds maturing in 2027 (€ 5,841,200) and Italian Treasury bills (BOT) and time deposits maturing within 1 year (€ 3,981,600).

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	13,482,508	(9,023,132)	4,459,376
cash on hand	212	128	340
Total	*13,482,720*	*(9,023,004)*	*4,459,716*

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

Accrued income and prepaid expenses

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued income	-	94,621	94,621
Prepaid expenses	129,432	(492)	128,940
Total prepaid expenses and accrued income	**129,432**	**94,129**	**223,561**

Prepaid expenses (€ 128,940 at 31 March 2023) mainly include amounts paid in advance by way of insurance premiums and costs pertaining to subsequent years. Accrued income (Euro 94,621 at 31 March 2023) mainly includes interest on securities pertaining to the year, but which will be received after the end of the year.

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

Movements in individual balance sheet items are analysed below, according to current law.

Quotaholders' equity

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

Changes in equity items

With reference to the year just ended, the table below sets out changes in the components of quotaholders' equity, as well as details of other reserves, if any.

The changes in the Company's equity items in the year prior to the year under review (as of 31/03/2022) are as follows:

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

The changes in the Company's equity items in the year ended 31/03/2023 are shown below:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Result for the year	Balance at the end of the year
Capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Legal reserve	1,377,259	68,190	-	-	-	1,445,449
Extraordinary reserve	5,563,997	-	-	-	-	5,563,997
Cash flow hedging reserve	(4,014)	-	4,014	-	-	-
Retained earnings (accumulated losses)	22,786,577	1,295,614	-	(12,510,340)	-	11,571,851
Net income (loss) for the year	1,363,804	(1,363,804)	-	-	16,068,249	16,068,249
Total	**47,497,623**	**-**	**4,014**	**12,578,530**	**16,068,249**	**51,059,546**

The decreases in "Retained earnings (accumulated losses)" relate to the effect on equity of the partial demerger of which the subsidiary Endurance S.p.A. was the beneficiary.

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 last three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	16,105,263	Capital		-
Share premium reserve	304,737	Capital	A;B;C	304,737
Legal reserve	1,445,449	Revenue	B	-
Extraordinary reserve	5,563,997	Revenue	A;B;C	5,563,997
Retained earnings (accumulated losses)	11,571,851	Revenue	A;B;C	11,571,851
Total	**34,991,297**			**17,440,585**
Amount not distributable				4,259,812
Residual amount distributable				13,180,773
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, determined in accordance with the provisions of art. 2426 Civil Code, refers to the credit for deferred tax assets which falls within the category of assets not yet realised and to the residual portion to be allocated to the legal reserve.

Change in the reserve for expected cash flow hedges

Introduction

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

Analysis of changes in the cash flow hedging reserve

	Interest rate swaps	Total
Gross carrying amount of the reserve at 31 March 2022	(5,282)	(5,282)
Deferred tax liabilities	1,268	1,268
Net carrying amount of the reserve at 31 March 2022	**(4,014)**	**(4,014)**
Fair value change in derivatives (effective component), net of reversals to the income statement on closure of the underlying transactions	5,282	5,282
Gross carrying amount of the reserve at 31 March 2022	-	-
Deferred tax liabilities	-	-
Net carrying amount of the reserve at 31 March 2023	**-**	**-**

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

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 € 202,969 at 31 March 2023).

The amount refers entirely to the deferred tax provision, the movement of which is attributable to the transfer of the deferred tax provision set aside in previous years as the reversal of the tax effect associated with the amortisation of the higher value allocated to the Company's assets as part of the business combination mentioned previously, now transferred to the beneficiary Endurance S.p.A. following the partial demerger of the properties.

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 - Other changes	Changes during the year - Total	Balance at the end of the year
Provision for current and deferred taxation	1,445,054	-	(1,242,085)	(1,242,085)	202,969
Derivatives	5,282	5,282	-	(5,282)	-

Employee termination indemnities

Employee termination indemnities amount to € 39,928 at 31 March 2023 (€ 26,667 al 31 March 2022). The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	26,667	13,261	13,261	39,928
Total	**26,667**	**13,261**	**13,261**	**39,928**

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 € 41,341,433 at 31 March 2023 (€ 49,255,980 al 31 March 2022).

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

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Within one year
Due to banks	5,124,764	(5,124,764)	-	-	-
Trade payables	117,453	75,046	192,499	192,499	192,499
Payables due to subsidiaries	34,127,865	(388,252)	33,739,613	33,739,613	33,739,613
Payables due to fellow subsidiaries	4,871,574	(2,081,822)	2,789,752	2,789,752	2,789,752
Tax payables	738,620	215,140	953,760	953,760	953,760
Due to pension and social security institutions	548,700	46,258	594,958	594,958	594,958
Other payables	3,727,004	(656,153)	3,070,851	3,070,851	3,070,851
Total	**49,255,980**	**(7,914,547)**	**41,341,433**	**41,341,433**	**41,341,433**

<u>They are detailed as follows:</u>

- Due to banks within one year: the amounts due to banks were reduced to zero during the year following timely fulfilment of all banking obligations without the aid of any moratorium or extension introduced in previous years during the pandemic;
- Trade payables: € 192,499;
- Due to subsidiaries within one year, € 33,739,613, as analysed below:
    a. € 3,000,000 representing a loan from Endurance S.p.A. (classified as a current liability because the contractual conditions envisage repayment on demand);
    b. € 26,405,333 for the amount due related to the cash pooling arrangement, of which
        - € 17,357,616 to Endurance S.p.A.
        - € 5,503,056 to Endurance Castings S.p.A.
        - € 1,453,963 to Endurance Engineering S.r.l.
        - € 366,764 to Endurance Adler S.p.A.
        - € 1,723,933 to Veicoli S.r.l.
    c. the balance of € 4,334,283 to relationships as part of the tax consolidation for € 4,206,456 and to trade relationships for the rest (€ 127,824);
- Payables due to fellow subsidiaries: € 2,789,752 for dealings with the foreign subsidiary Endurance GmbH which refer, for € 2,785,051, to centralised treasury management (cash pooling) and for € 4,701 to trade payables;
- Tax payables: € 953,760 refer to payroll withholdings for employees and co-workers for € 953,364 and other tax payables for the difference;
- Due to pension institutions: € 594,958, mainly payable to INPS and Previndai;
- Other payables within one year: € 3,070,851 relates to the amounts due to employees for payroll accruals and miscellaneous payables.

Breakdown of payables by geographical area

In terms of the geographical distribution of payables, the Company's counterparties are all Italian, except for the amounts due to Endurance GmbH (€ 2,789,752).

Debt secured by collateral on company assets

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

Loans from quotaholders

The company has not received any loans from its quotaholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	57,229	(15,777)	41,452
Total accrued expenses and deferred income	**57,229**	**(15,777)**	**41,452**

This item pertains to accrued expenses calculated on charges pertaining to the year, but which will be paid after the end of the year.

Explanatory notes - income statement

The income statement shows 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 Company carried on its activity as a property holding company (later terminated following the reorganisation that led to the demerger in favour of Endurance S.p.A.) and as an investment manager, earning revenues mainly from renting out the properties that it owned, together with management and coordination services of the group's activities by recharging the costs of the managerial personnel employed by the Company to the various subsidiaries.

Analysis of revenues from sales and services by category of activity

The following table analyses the operating costs incurred during FY 2022-2023 on a comparative basis:

Description	FY 2022-2023	FY 2021-22	Change
Revenues from sales of goods and services	8,751,850	8,551,917	199,933
Other income and revenues	1,460,016	1,750,723	(290,707)
Total	**10,211,866**	**10,302,640**	**(90,774)**

Other revenues and income include the portion for the year, € 1,350,000, of income deriving from the sub-licensing agreement of patents, trademarks, know-how and other intellectual property rights signed with the parent company Endurance Technologies Ltd, the recharging of costs of seconded personnel, and ancillary charges towards the affiliate and other revenues and income for the remainder.

Production cost

The following table analyses the operating costs incurred during FY 2022-2023 on a comparative basis:

Description	FY 2022-2023	FY 2021-22	Change
Cost of raw and ancillary materials, consumables and goods for resale	42,513	40,715	1,798
Cost of services	852,243	661,091	191,152
Lease and rental charges	352,183	352,964	(781)
Payroll costs			
- Wages and salaries	4,232,009	4,320,152	(88,143)
- Social contributions	652,531	525,247	127,284
- Employee termination indemnities and other costs	279,598	269,635	9,963
- Other costs	18,798	6,070	12,728
Amortisation of intangible assets	1,244,660	1,254,455	(9,795)
Depreciation of tangible assets	778,641	853,805	(75,164)
Other operating expenses	273,440	260,433	13,007
Total	**8,726,616**	**8,544,567**	**182,049**

Production costs increased slightly (by 2.1% 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.

Financial income and charges

Income from equity investments in FY 2022-2023 (€ 15,000,000) refers to the distribution of dividends by the following subsidiaries during the year: Endurance S.p.A. (€12 million), Endurance Castings S.p.A. (€2 million) and Endurance Engineering S.r.l. (€1 million).

Financial income for 2022-2023 (€ 366,896) refers to accrued interest and capital gains realised on financial instruments (government securities and insurance products) held during the year. Financial charges (€ 180,308) mainly relate to interest on the intercompany loan (€ 151,393) and on bank loans (€ 28,915).

Adjustments to financial assets and liabilities

The write-down, € 542,955, of securities classified as current assets not considered long-term investments is to adjust their carrying amount to the lower market value of the securities at the end of the year. The loss in value as a result of the rapid rise in interest rates by central banks also refers to securities currently listed below par, but with redemption at par between 2025 and 2026.

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 2022-2023	FY 2021-22
Income taxes	**58,457**	**436,366**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	55,281	365,172
of which: Taxation relating to prior years		(791)
Deferred tax assets and liabilities	3,176	(1,240,681)
Consolidation charges		1,312,666

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.

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	1,378,800	1,350,000
Total taxable temporary differences	5,119,825	3,681,308
Net temporary differences	3,741,025	2,331,308
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(1,332,011)	38,271
Deferred tax liabilities (assets) for the year - booked to P&L	94,096	(90,921)
Deferred tax liabilities (assets) for the year - booked to equity	1,268	-
Deferred tax liabilities (assets) - demerger effect	(991,943)	-
Provision for deferred tax liability (assets) at the end of the year	(2,228,590)	(52,650)

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 for deferred tax assets and liabilities were made have also been used for their reversal (IRAP rate of 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 and liabilities recognised in previous years and reversed during the period. Specifically, there was a reversal of deferred tax liabilities linked to the demerger and a simultaneous provision made for deferred tax assets.

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	2,738,795	128,976	383,562	(254,586)	2,484,209
Total	**2,738,795**	**128,976**	**383,562**	**(254,586)**	**2,484,209**

The provisions mainly refer to deferred tax assets calculated on the temporary difference generated by the taxation of the securities write-down. The utilisations mainly concern the temporary differences that became effective during the year in relation to the income for the sub-licensing of patents and know-how that was fully taxed at the time of the sale.

Explanatory notes – cash flow statement

The company has prepared the cash flow statement, which represents the summary document that links the changes that occurred during the year in the company's assets with the changes in the financial situation; it highlights the values relating to the financial resources that the company needed during the year as well as their uses.

Regarding the method used, the company has adopted, in accordance with the provision of OIC 10, the indirect method on the basis of which the flow of liquidity is reconstructed by adjusting the result for the year of non-monetary components.

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	9	4	13

The workforce at 31 March 2023 (consisting solely of Company employees) comprises 14 persons.

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

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

	Directors	Statutory Auditors
Fees	40,000	48,880

Fees of the independent auditor or firm of auditors

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

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

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 of the 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 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 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 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 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.

However, it is necessary to point out the indirect effects of the deterioration of market conditions deriving from the persistence of the conflict between Russia and Ukraine and from geopolitical tensions in general.

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

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

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

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

Information about derivatives pursuant to art. 2427-bis of the Civil Code

We can confirm that the company is not party to any derivatives.

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84.134 (86.099 on 31 March 2021) - (source: European Central Bank):

Balance sheet	31/03/2022	31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	31/03/2022	31/03/2021
Liabilities and quotaholders' equity		
Quotaholders' equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and quotaholders' equity	**37,393.40**	**34,376.47**

Income Statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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

Information pursuant to art. 1, paragraph 125, of Law no. 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 believing that the following concessions do not fall within the scope of application of the regulation, we acknowledge that no sums were disbursed by the public administration during the year which generated financial flows for the Company, also in the form of tax credits.

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 € 16,068,249 as follows:

- € 803,412 to the legal reserve;
- € 15,264,837 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 Company's assets and liabilities, financial position and results for the year and agree with the accounting records. We therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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 accounting records.

Lombardore, 12/05/2023

For the Board of Directors

The Managing Director

Massimo Venuti

ENDURANCE OVERSEAS S.r.l.

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

Report of the Board of Statutory Auditors

Financial statements at 31/03/2023

To the Quotaholders,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the independent audit was assigned to Deloitte & Touche S.p.a. by the Quotaholders' Meeting of 10/06/2021. Accordingly, this report only explains the supervisory work that we performed in accordance with the law.

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

During the course of the financial year ended 31/03/2023, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The draft financial statements for the year ended 31/03/2023, 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 € 16,068,249, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022	FY 2021	Difference
FIXED ASSETS	64,623,918	73,188,064	8,564,146-
CURRENT ASSETS	27,837,849	24,970,409	2,867,440
PREPAID EXPENSES AND ACCRUED INCOME	223,561	129,432	94,129
TOTAL ASSETS	92,685,328	98,287,905	5,602,577-

Description	FY 2022	FY 2021	Difference
QUOTAHOLDERS' EQUITY	51,059,546	47,497,623	3,561,923
PROVISION FOR RISKS AND CHARGES	202,969	1,450,336	1,247,367-
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	39,928	26,667	13,261
PAYABLES	41,341,433	49,255,980	7,914,547-
ACCRUED EXPENSES AND DEFERRED INCOME	41,452	57,299	15,847-
TOTAL LIABILITIES AND QUOTAHOLDERS' EQUITY	92,685,328	98,287,905	5,602,577-

Income Statement

Description	FY 2022	FY 2021	Difference
VALUE OF PRODUCTION	10,211,866	10,302,640	90,774-
REVENUES FROM SALES OF GOODS AND SERVICES	8,751,850	8,551,917	199,933
PRODUCTION COST	8,726,616	8,544,567	182,049
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	1,485,250	1,758,073	272,823-
RESULT BEFORE TAXES (A-B+-C+-D)	16,126,706	1,800,170	14,326,536
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	58,457	436,366	377,909-
PROFIT (LOSS) FOR THE YEAR	16,068,249	1,363,804	14,704,445

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

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31/03/2022 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- following the partial demerger transaction from which the subsidiary Endurance S.p.A. benefited, correctly incorporated in the financial statements in compliance with the provisions of OIC 4, it is also acknowledged that pursuant to Article 2426, paragraph 6, of the Italian Civil Code, no Goodwill value is recorded in the balance sheet.

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

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

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2023, as shown in the financial statements, is positive for € 16,068,249.

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 16/05/2023, we unanimously believe that there are no reasons why the Quotaholders' Meeting should not approve the draft annual financial statements for the year ended 31/03/2023, as drafted and proposed by the Directors.

Milan, 17/05/2023

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

Deloitte & Touche S.p.A.
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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, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance Overseas S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2023, 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, 2023 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, 2023 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 16, 2023

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

ENDURANCE OVERSEAS SRL

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

Report on operations

Consolidated financial statements for the year ended 31/03/2023

To the Quota holders,
The explanatory notes provide information about the consolidated financial statements for the year ended 31 March 2023; 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., Endurance Adler S.p.A., Veicoli S.r.l., Frenotecnica S.r.l., New Fren S.r.l. and GDS S.a.r.l., together the "Group"). This report, prepared with amounts shown in whole euro (unless otherwise indicated), accompanies the consolidated financial statements in order to provide information about the Group's earnings, financial position and operations, together, where possible, with historical facts and an assessment of future prospects.

Information on the Company and the Group

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

The economic framework of the 2022/2023 period was strongly influenced by geopolitical tensions resulting, in particular, from the conflict between Russia and Ukraine. The introduction of increasing economic sanctions to stop the conflict led to a progressive reduction in the supply of energy sources (gas in particular) and other raw materials from Russia, causing a surge in prices due to the difficulties in rapidly redefining and supplying alternative sources of supply (due to typical structural constraints) and to fears over the achievement of adequate storage levels. On the European markets, gas and electricity prices (generated to a significant extent by gas-fired thermoelectric power plants, also due to the lower contribution of generation from nuclear plants following the decommissioning of power plants in Germany and the suspension of service for maintenance in France), with price increases that began as early as Euro, reached quotations in the summer months that were 10-14 times higher than historical trends.

The run-up in commodity prices reignited inflationary pressures inducing central banks to raise interest rates, thus abandoning the monetary stimulus measures applied so far with the policy of zero or negative interest rates (in some countries).

These events had consequences on the economic trends of European countries, affecting the recovery path undertaken after the post-Covid-19 pandemic reopening. The data released by the International Monetary Fund (IMF) attest to a world economy growth of +3.4% for 2022, with the USA at +2.1%, China +3.0%, India +6.8%. Despite the aforementioned difficulties, the European economy also managed to record a 3.5% increase in GDP (including Germany +1.8%, France +2.6% and Italy +3.7%), mainly due to the positive trend recorded in the first half of the year.

For what the automotive sector is concerned, in the calendar year 2022, according to data published by ACEA (European Automobile Manufacturers' Association), registrations of new vehicles worldwide were unchanged from the previous year (66.2 million vehicles in 2022 as well as in Euro). Registrations dropped by 4.6% in the European Union (9.3 million compared to 9.7 million in Euro) and by -9.2% in the USA, offset by the positive trend in China (+7.6% with 21.7 million compared to 20.2 million) and India (+23.1% but with a market of 3.8 million vehicles). In the European Union, pure electric BEVs achieved a 12.1% market share, plug-in hybrids (PHEVs) 9.4% and HEVs (including Mild Hybrids) 22.6%. Conversely, conventional combustion vehicles dropped to a market share of 52.8% (of which petrol 36.4% and diesel 16.4%).

Car registrations in the European Union for the period consistent with the Endurance financial year (April '22 - March '23) increased by 2.9%, showing a positive figure especially in the last quarter (January to March 2023), which marked a growth of almost 18% compared to the corresponding period of the previous year. A positive trend then, given the general difficulties of the period, but still far away (almost 24%) from the volumes of the pre-pandemic period (i.e. 2018/2019).

The VW group, the main European manufacturer, with almost a third of market share in the EU, reported a 4.3% growth in registrations, Mercedes +6.5% and Renault 3.6%, while Stellantis dropped -5.2% and BMW -0.6%.

According to S&P Global Mobility findings released by ACEA, global car production increased 7.9% with growth in the European Union (+7.1% to 10.7 million vehicles), USA (+11.7% to 7.1 million vehicles), China (+11.7% to 23.2 million vehicles) and India (+21.6% to 4.3 million vehicles). Germany remained the leading car producing country with 3.3 million vehicles, accounting for almost 31% of production in the European Union.

In calendar year 2022, the motorbike market showed a stationary trend (+0.1% on a year-over-year basis) in new registrations, which reached 950,400 units. The situation disaggregated by country shows growth in Spain (6.3%), UK (1.9%) and Italy (0.7%, following a previous year +23.6% growth), a stable market in Germany and a contraction in France (-6.6%).

Due to the turbulence in the European energy market, as compared to the historical cost of energy (until 2021), electricity market prices increased by 250% in the financial year ended March 2022 and by a further 63% in the financial year ended March 2023 compared to 2022 (with a combined effect of +460%), while gas prices increased by 300% in the financial year 2022 and by a further +70% in the financial year 2023 compared to 2022 (with a combined effect of +600%). This scenario affected the company's performance, since the timely actions taken and external support allowed the containment of the further negative effects of the energy increase of the last year but not the complete recovery of the effects suffered in the previous period, which therefore continued to impact the company's results. Nevertheless, it was possible to achieve an overall positive and improving economic result.

Key events

The technical and commercial activity carried out during the 2022/2023 financial year was particularly successful and led to the acquisition of new and important contracts. In particular:

- in the field of die casting and machining, new initiatives that will generate about Euro 56 million in annual sales when fully operational. The contracts awarded refer to powertrain components for end customers part of Stellantis, CNH, and BMW Group. They relate to conventional, hybrid and electric applications that will start production phase from 2023/24 onwards.
- in the context of the plastic moulding market, new contracts that will generate about Euro 3 million in annual sales when fully operational. The contracts mainly concern components for end customers pertaining to Stellantis, CNH and Tyco group, entered into production from the financial year 2022/23 onwards.

In addition, the industrial and technical activities and collaboration continued with the ultimate parent company Endurance Technologies Ltd, particularly with reference to activities related to motorbike applications.

With reference to the Group's structure, it should be noted that during the year ended 31 March 2023, certain important transactions took place, aimed at strengthening the Group's presence in the two-wheeler components sector (motorbikes and bicycles). In particular:

- On 10/06/2022 the shareholding representing the entire share capital of the company Frenotecnica S.r.l. (located in Rovereto (TN)) was acquired - for the amount of Euro 5.26 million plus ancillary costs. Frenotecnica S.r.l. is a company operating mainly in the sector of the production of brake pads for two-wheeler vehicle braking systems, and related operations have been included in the perimeter of the consolidated financial statements for the period from 1 July 2022 to 31 March 2023.
- On 16/11/2022, the equity investment representing the entire share capital of the company New Fren S.r.l. (located in Ciriè (TO)) was acquired - for the amount of Euro1.15 million plus ancillary costs. New Fren S.r.l. is a company mainly operating in the sector of production and marketing of components for two-wheeler vehicles, such as brake pads and shoes, brake discs, clutch discs, clutches, centrifuges; the acquisition also included the company - wholly owned by New Fren S.r.l. – denominated GDS S.a.r.l., located in Sousse, Tunisia, that represents the production hub of the New Fren group. The operations of New Fren S.r.l. are included in the scope of the consolidated financial statements for the period from 1 January 2023 to 31 March 2023 (based on the assessment of non-significance of changes between the date of acquisition and the date of first consolidation).

In addition, during the year, the following transactions were undertaken to increase the capital resources - following the conversion of financial receivables claimed by the Parent Company - in favour of the subsidiaries:

- on 27 March 2023 for the benefit of Endurance Adler S.p.A. - for a total amount of Euro 3,000 thousand, allocated to the Extraordinary Reserve;
- on 13 February 2023 for the benefit of Frenotecnica S.r.l. - for a total amount of Euro 500 thousand, of which Euro 70 thousand allocated to the share capital (increased to Euro 120 thousand) and Euro 430 thousand allocated to equity reserves for future share capital increases.

Finally, during the year, in order to rationalise and reorganise group operations, the partial demerger of the Parent Company Endurance Overseas S.r.l. in favour of the subsidiary Endurance S.p.A. was resolved, by deed drawn up by Notary Roberto De Leo in Chivasso, rep. 171,022 /41,727, whereby the real estate assets constituting the production unit of the beneficiary were transferred. It should be noted that this transaction (which involved assets for a value of about Euro 13.5 million), as well as the operations to strengthen the equity of the subsidiaries, had no effect on the values shown in these financial statements.

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 2022-2023	%	FY 2021-2022	%	Change	Change %
WORKING CAPITAL	**137,139,435**	**51.73%**	**118,941,987**	**49.89%**	**18,197,448**	**15.30%**
Immediate liquidity	**25,201,547**	**9.51%**	**32,616,413**	**13.68%**	**(7,414,866)**	**-22.73%**
Cash and cash equivalents	25,201,547	9.51%	32,616,413	13.68%	(7,414,866)	-22.73%
Deferred liquidity	**79,222,418**	**29.89%**	**56,956,543**	**23.89%**	**22,265,875**	**39.09%**
Current receivables included in working capital	36,456,211	13.75%	23,495,069	9.85%	12,961,142	55.17%
Current portion of non current receivables	49,423	0.02%	329,480	0.14%	(280,057)	-85.00%
Financial assets	41,650,949	15.71%	32,325,948	13.56%	9,325,001	28.85%
Accrued income and prepaid expenses	1,065,835	0.40%	806,046	0.34%	259,789	32.23%
Inventories	**32,715,470**	**12.34%**	**29,369,031**	**12.32%**	**3,346,439**	**11.39%**
Non current assets held for sale	**-**	**0.00%**	**-**	**0.00%**	**-**	**-**
FIXED ASSETS	**127,950,528**	**48.27%**	**119,487,164**	**50.11%**	**8,463,364**	**7.08%**
Intangible assets	10,660,364	4.02%	7,510,792	3.15%	3,149,572	41.93%
Tangible fixed assets	107,474,986	40.54%	99,105,824	41.57%	8,369,162	8.44%
Financial fixed assets	226,598	0.09%	2,102,509	0.88%	(1,875,911)	-89.22%
Non-current portion of receivables included in working capital	9,588,580	3.62%	10,768,039	4.52%	(1,179,459)	-10.95%
CAPITAL EMPLOYED	**265,089,963**	**100.00%**	**238,429,151**	**100.00%**	**26,660,812**	**11.18%**

With reference to the structure of the Company Group's assets, it should be noted in particular:

- as regards current assets:
  - the increase (for a total of Euro 1.9 million, including the effect of changes in the scope of consolidation for Euro 0.7 million) in cash and cash equivalents and financial assets (represented by investments for liquidity management), recorded in relation to the trend of positive cash flows from operations accrued by the Group, net of investments and repayment of medium/long-term loans, as described below (please also refer to the data concerning the consolidated cash flow statement);
  - the trend of the other elements of working capital, including in particular
    - the increase (approximately Euro 12.9 million, including the perimeter change of approximately Euro 2.3 million) in the value of current receivables (particularly in relation to the trend in business volumes recorded in the year under review compared to the previous year (especially in the final part), in connection with the recovery of the relevant markets, in relation to overcoming the most impacting effects of the pandemic lockdowns and supply crises, even in the presence of growing inflationary trends and the resurgence of the energy price)
    - the increase in inventories (Euro 3.3 million, mainly related to the change in the scope of consolidation recorded, equal to Euro 2.8 million), determined by a lower incidence of the growth in the value of raw

materials (secondary aluminium alloys) if compared with the previous year, and taking into account the production strategies related to the partially mitigating effects on customers' plans (which in the previous year were even more strongly impacted by the uncertainties related to market trends);

- with reference to non-current assets, we note in particular:
  - the increase in the net value of intangible assets (by Euro 3.1 million) and tangible assets (by Euro 8.4 million) as a result of the combined effect of the following factors:
    - recording of amortisation for the period (totalling Euro 20.2 million, including the effect inherent to the revaluation carried out at the end of the previous financial year, pursuant to Article 110 of Decree-Law No. 104 of 14 August 2021, (the so-called 'August Decree'), converted into Law 126/2021);
    - investments made during the financial year, amounting to Euro 1.5 million among intangible fixed assets, (mainly referring to the capitalisation of development costs) and Euro 24.4 million among tangible fixed assets, specifically related to:
      - to the increase in production capacity in the mechanical machining area for new orders acquired, particularly with customers Volkswagen/AUDI (Oil Modules, Halter, Deckel) and Stellantis (Transmission housing Punch Powertrain), also through the acquisition of new land at the Chivasso and Lombardore (TO) sites;
      - - to the strengthening of foundry structures (both in Chivasso - TO and in Bione - BS) and investments for "2-wheeler" activities (particularly for the Rovereto - TN site);
      - - investments related to the installation of photovoltaic systems at the main production buildings of the Group's operating sites, as part of the strategy to diversify energy sources from renewable energies, to support the sustainability of the Endurance Group's business.
    - net of disposals recorded in the period (for a net value of about Euro 0.4 million);
    - the change in the Group's consolidation perimeter, which impacted tangible fixed assets by Euro 1.1 million and intangible fixed assets by Euro 4.8 million (including the allocation effects of the consolidation differences recognised).
  - the decrease in financial fixed assets (Euro 0.2 million as of 31/03/2023 compared to Euro 2.1 million in the previous year) mainly related to the change in the fair value of derivative instruments held by the Group;

  the decrease in medium-/long-term receivables in current assets is mainly related to the change in the balance of deferred tax assets recognised (Euro 9.9 million as of 31/03/2023 compared to Euro 10.8 million in the previous year) recognised during the year - in addition to differences in statutory and tax values in particular of fixed assets and provisions for risks and write-downs - in relation to the recognition at consolidated level of negative tax income, following the application of the extra-deductions related to the benefits of super-amortisation and hyper-amortisation connected with the significant investments made by the Group in recent years.

Balance Sheet - Liabilities and Quota holders' Equity

Item	FY 2022-2023	%	FY 2021-2022	%	Change	Change %
CURRENT LIABILITIES	**113,798,416**	**42.93%**	**105,574,956**	**44.28%**	**8,223,460**	**7.79%**
Current payables	109,980,958	41.49%	103,021,460	43.21%	6,959,498	6.76%
Accrued expenses and deferred income	3,817,458	1.44%	2,553,496	1.07%	1,263,962	49.50%
NON-CURRENT LIABILITIES	**39,056,530**	**14.73%**	**29,834,290**	**12.51%**	**9,222,240**	**30.91%**
Non current payables	28,361,731	10.70%	19,985,185	8.38%	8,376,546	41.91%
Provision for risks and charges	6,182,111	2.33%	6,189,616	2.60%	(7,505)	-0.12%
Employee termination indemnity	3,863,722	1.46%	3,010,523	1.26%	853,199	28.34%
Accrued expenses and deferred income	648,966	0.24%	648,966	0.27%	-	0.00%
QUOTAHOLDERS' EQUITY	**112,235,017**	**42.34%**	**103,019,905**	**43.21%**	**9,215,112**	**8.94%**
Quotaholders' equity attributable to the Group	**112,235,017**	**42.34%**	**103,019,905**	**43.21%**	**9,215,112**	**8.94%**
Quota capital	16,105,263	6.08%	16,105,263	6.75%	-	0.00%
Reserves	22,716,645	8.57%	21,237,490	8.91%	1,479,155	6.96%
Retained earnings (accumulated losses)	65,452,360	24.69%	58,993,207	24.74%	6,459,153	10.95%
Net income (loss) for the year	7,960,749	3.00%	6,683,945	2.80%	1,276,804	19.10%
Quotaholders' equity attributable to minority interest	-	-	-	-	-	-
FINANCING SOURCES	**265,089,963**	**100.00%**	**238,429,151**	**100.00%**	**26,660,812**	**11.18%**

With reference to the structure of the Group's liabilities, we highlight in particular:
- In the context of debt capital, the main changes are referred to:
  - the increase of about Euro 8.2 million in current liabilities, in relation to the trend in business volume recorded in the latter part of the year under review compared to the previous year, consistent with what has been described in relation to current receivables (in addition to the impact of the change in the scope of consolidation, amounting to Euro 2.7 million);
  - the increase in non-current liabilities, for a total of Euro 9.2 million (of which approximately Euro 2.8 million related to the change in the scope of consolidation), is mainly related to the Group's bank debt structure, which in 2022/2023 recorded new loan agreements for Euro 33.3 million, net of the repayments made on existing agreements, based on contractual provisions.
- For what shareholders' equity is concerned, the increase for a total of Euro 9.2 million, following the recognition of the positive result for the period (Euro 8.0 million) and the recognition, with a direct impact on shareholders' equity (for Euro 1.2 million), of the change in the Reserve for expected cash flow hedging transactions, which includes the amount, recognised net of the related tax effect, of the effective portion of the fair value changes recorded in existing derivative contracts entered into for the purpose of hedging cash flows connected with highly probable planned transactions.

The change in the consolidation perimeter (detailed below with reference to the balances of the merged companies at the date of their first consolidation) had the following impacts on the Group's asset and liability balances (amounts expressed in thousands of Euro), net of the consolidation differences described above

ASSETS	Amount
WORKING CAPITAL	**5,935**
Immediate liquidity	**731**
Cash and cash equivalents	731
Deferred liquidity	**2,409**
Current receivables included in working capital	2,260
Accrued income and prepaid expenses	149
Inventories	**2,795**
FIXED ASSETS	**1,256**
Intangible assets	49
Tangible fixed assets	1,144
Financial fixed assets	1
Non-Current receivables	63
CAPITAL EMPLOYED	**7,191**

LIABILITIES AND EQUITY	Amount
CURRENT LIABILITIES	**2,714**
Current payables	2,714
Accrued expenses and deferred income	-
NON CURRENT LIABILITIES	**2,786**
Non-Current payables	2,081
Provision for risk and charges	68
Severance indemnities fund	637
EQUITY	**1,691**
Group’s attributable Equity	**1,691**
Share capital	60
Reserves and Retained earnings	1,631
Minorities attributable Equity	**-**
FINANCING SOURCES	**7,191**

Key indicators of financial position

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

RATIO	FY 2022-2023	FY 2021-2022	% Change
Fixed assets coverage ratio	87.72%	86.22%	1.74%
Banks on working capital	17.31%	25.37%	-31.77%
Indebtedness ratio	2.36	2.31	2.05%
Financial indebtedness ratio	1.36	1.31	3.62%
Equity on invested capital	42.34%	43.21%	-2.01%
Financial charges on turnover	0.68%	0.32%	110.80%
Availability ratio	40.46%	32.45%	24.67%
Primary coverage ratio	0.88	0.86	1.74%
Secondary coverage ratio	1.18	1.11	6.35%
Net working capital	(9.374.451)	(16.002.000)	-41.42%
Primary treasury margin	23.341.019	13.367.031	74.62%
Primary treasury ratio	22.15%	27.54%	-19.58%

Consolidated statement of cash flow

Item	FY 2022-23	FY 2021-22	Change	Change %
Cash and cash equivalents at beginning of period	**32,616,413**	**51,059,053**	**(18,442,640)**	**-36.12%**
a. Cash flows from operating activities	24,908,083	20,633,171	4,274,911	20.72%
b. Cash flows from investing activities	(37,954,795)	(17,390,741)	(20,564,054)	118.25%
c. Cash flows from financing activities	11,357,677	(21,081,395)	32,439,072	-153.88%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(1,689,036)**	**(17,838,964)**	**16,149,929**	**-90.53%**
d. Cash flow for acquisition of subsidiaries	(6,456,974)	(730,856)	(5,726,118)	783.48%
e. Net cash and cash equivalents acquired	731,144	127,180	603,964	474.89%
(Acquisition of subsidiaries, net of cash and cash equivalents) (d ± e)	**(5,725,830)**	**(603,676)**	**(5,122,154)**	**848.49%**
Cash and cash equivalents at the end of the period (a ± b ± c ± d ± e)	**25,201,547**	**32,616,413**	**(7,414,866)**	**-22.73%**

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 Euro 7.4 million during the year, due to the combined effect of the following factors:

- the positive performance of operations, which led to a net positive cash flow of Euro 24.9 million, to which contributed both the P&L performance (with an EBITDA of approximately Euro 30.2 million), and the change in net working capital (reduction of Euro 6.7 million in particular due to the trend of trade receivables and payables and inventories) and that of provisions and tax and interests payments (reduction by Euro 2.2 million);
- cash flow connected with investments made during the period (for a net outlay of Euro 38.0 million), primarily relating to;
  - tangible fixed assets, aimed at increasing the production capacity related to on-going projects and those of new acquisitions (Euro 22.0 million);
  - intangible fixed assets (Euro 1.5 million), referring mainly to the capitalization of development costs;
  - financial assets not held as fixed assets (destinated to with liquidity management strategy) totalling Euro 14.4 million, net od Euro 5.1 million disposal;
- cash flows relating to financing activities - with an overall positive effect of Euro 11.4 million - which include the effect of the change in long-term debt (increases due to new loan contracted, Euro 33.3 million, offset by repayments made during the period in relation to contractual maturities amounting to Euro 27.8 million) and the increase (Euro 0.2 million) in short-term bank debt;
- finally, the effect of the outflow determined by the change in the consolidation perimeter, net of cash acquired (for a net effect of Euro 5.7 million).

Profit & Loss results

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

Income Statement

	Year 2022-2023	%	Year 2021-2022	%	Change	Change %
VALUE OF PRODUCTION	**207,515,441**	**100.00%**	**181,109,486**	**100.00%**	**26,405,955**	**14.58%**
- Consumption of raw materials	88,115,427	42.46%	75,177,627	41.51%	12,937,800	17.21%
- General expenses	45,504,617	21.93%	40,233,543	22.22%	5,271,074	13.10%
VALUE-ADDED	**73,895,397**	**35.61%**	**65,698,316**	**36.28%**	**8,197,081**	**12.48%**
- Payroll costs	41,802,242	20.14%	39,288,395	21.69%	2,513,847	6.40%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**32,093,155**	**15.47%**	**26,409,921**	**14.58%**	**5,683,234**	**21.52%**
- Depreciation, amortisation and write-downs	20,239,247	9.75%	18,914,163	10.44%	1,325,084	7.01%
- Other operating expenses	1,893,545	0.91%	2,033,436	1.12%	(139,891)	-6.88%
INCOME BEFORE FINANCIAL ITEMS	**9,960,363**	**4.80%**	**5,462,322**	**3.02%**	**4,498,041**	**82.35%**
+ Financial items	(622,884)	-0.30%	(224,796)	-0.12%	(398,088)	177.09%
+ Adjustments to financial assets	(639,963)	-0.31%	114,778	0.06%	(754,741)	-657.57%
INCOME BEFORE TAX	**8,697,516**	**4.19%**	**5,352,304**	**2.96%**	**3,345,212**	**62.50%**
- Taxation	736,767	0.36%	(1,331,641)	-0.74%	2,068,408	-155.33%
NET INCOME	**7,960,749**	**3.84%**	**6,683,945**	**3.69%**	**1,276,804**	**19.10%**
EBITDA	**30,199,610**	**14.55%**	**24,376,485**	**13.46%**	**5,823,125**	**23.89%**

From an economic point of view, the 2022/2023 financial year recorded an increase in the value of production (14.6%, equal to about € 26.4 million, of which about € 5 million deriving from the contribution of the companies that entered the consolidation area during the year), consistent with the trend of the reference market, which, during the year under review, showed a recovery compared to the 2021/2022 financial year, still heavily impacted by the slowdown of the post-pandemic recovery.
The upward trend was recorded by the Group, although in a context in any case characterised by high inflationary pressure values, as well as the difficulties experienced in certain supply chains (both in terms of availability of materials and high prices of raw materials and components) and the continuing effects of the pressure on the industrial sector of the trend in energy commodity costs, even if partly mitigated by external support measures.

In addition - even if with only indirect effects on the Company's operating environment - effects related to the geo-political turmoil in Europe as a result of the Russian-Ukrainian conflict are still present on the market.
The increase in sales recorded involved all of the Group's main customers, whose revenues were mainly distributed towards the Stellantis group (FCA and PSA, for a total of 32% of revenues) and Volkswagen/AUDI (29%), followed by CNHI (8%), and the two-wheeler segment (about 8%) of revenues).

With reference to the structure of production costs, there was a more than proportional increase, compared to the trend in turnover, in the weight of purchases of raw materials, which increased by € 12.9 million (or 17.2% more than the previous year, including the effect of price reductions to suppliers due to the " increased cost of energy", as well as the change in the scope of consolidation equal to € 2.1 million), while general expenses and other operating expenses (which increased by a total of 12, 1%, i.e., € 5.1 million compared to the previous year, of which € 1.6 million for the contribution of the newly consolidated companies) increased less than the trend in revenues, due to the efficiencies recorded in operations (also thanks to a more stable market trend), despite the significantly negative impact of energy costs compared to the previous year.

Labour costs for the year increased by € 2.5 million compared to the previous year (reducing their impact on the value of production to 20.1% from 21.7% in the comparative year), and included contractual salary increases, as well as the effects of the change in the perimeter, which had an impact of € 1.1 million in the period.

Depreciation, amortisation and write-downs recorded an increase of about € 1.3 million compared with the previous year (of which € 0.6 million in relation to the change in the consolidation area) in relation to the entry into amortisation of part of the most recent investments made in the context of the projects that started production during the year. It should be noted, with reference to this caption, that the Group did not make use of the option to suspend amortisation and depreciation pursuant to Italian Legislative Decree 4/2022 (the so-called 'Milleproroghe 2022 Decree').

The trends described above resulted in positive profitability for the year in question, up from the previous year: consolidated EBITDA, amounting to € 30.2 million, stood at 14.6% of the value of production (compared to 13.5% in the previous year).

The trend described above has shown the Endurance Group's ability to re-launch its business, both in terms of volumes and profitability, taking advantage of the improved conditions of the automotive market, linked to the mitigation of post-pandemic criticalities, thus succeeding in achieving better performance in a context significantly impacted by the persistence of conditions of energy factor costs that have maintained levels well above pre-crisis levels.

In this context of confirmed uncertainty in the reference markets (especially the automotive market), the Group nevertheless succeeded in confirming its strategic development strategy, both in terms of making production factors more efficient, and continuing to maintain a sharp focus on new investments (to increase production capacity and diversify the offer) consistent with development plans. This approach has fortunately also continued to be confirmed by customers, through the awarding of new contracts, which will represent future development challenges for the Endurance Group.

Financial operations in the year worsened compared to the previous year (net charges of € 1.3 million including adjustments to the values of financial assets, compared to € 0.1 million in the previous year), in particular as a result of the significant increase in interest rates decided by the Central Banks and associated with the increase in the amount of the financing arrangements in place, which also had a negative impact on the market value of some of the securities held as an investment of liquidity by the Group with respect to their carrying values (it should be noted that the trends do not include, on the contrary, in accordance with the principle of prudence, the positive variations in the market value of securities revalued over their purchase cost).

Income taxes - represented by a net charge of € 0.7 million - recorded an overall cost increase of about € 2.1 million compared to the previous year; the higher taxable income recorded in the current year compared to the previous year has been, in continuity with the last few years - but with a lower impact than in the past - reduced as a result of the significant deductions mainly deriving from the full application of the benefits connected to the hyper-depreciation regulations in relation to the technologically advanced investments made in the previous years, which determined - also taking into account the trend in business volumes - the final taxable income for the year in question for which, however, the recognition of deferred tax assets was limited, taking into consideration the recoverability over a limited time horizon.

The above led the Endurance Group to post a positive net result of € 8.0 million, or 3.9% of the value of production (up from € 6.7 million, or 3.7% of the value of production, in the comparative year).

Key performance indicators

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

RATIO	FY 2022-2023	FY 2021-2022	% Change
R.O.E.	7.09%	6.49%	9.32%
R.O.I.	7.32%	4.93%	48.54%
R.O.S.	4.78%	3.09%	54.90%
R.O.A.	3.76%	2.29%	64.01%

Information required by Art. 2428 of the Italian Civil Code

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

Main risks and uncertainties that the Group is exposed to

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

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Group's results are influenced by trends in the domestic and international economies.
Developments in GDP, the cost of raw materials, the unemployment rate, interest rates, and thus the level of consumer and business confidence, may affect the trend in end-customer sales and thus the trend in corporate sales.
Further elements of uncertainty also persisted linked to geopolitical tensions, in particular the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. Moreover, the continuation of international sanctions has continued to fuel uncertainties on the trend of energy commodity prices (which have reached levels far above the historical reference levels prior to the pandemic waves and international market crises), basic materials (especially metals) and agricultural commodities, with repercussions on consumer price pressure and growth prospects for the Eurozone. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business operating conditions, risking undermining the reliability of growth forecasts set for the near future in the Euro area.

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 and "two-wheel" component 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 final customers behaviour.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector, as well as the two-wheel component sector, are 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 related to changes in commodity prices*

  The Group carefully plans market opportunities in order to minimise the effects of fluctuations in commodity prices (especially for energy commodities) in relation to the most recent trends in the reference market and taking into account the particularly impactful effects related to the nature of the activities performed.
  To face these risks, the Group tends to pursue an adequate monitoring of purchasing opportunities on the market, resorting, where possible, to flexible procurement contracts, which allow it to seize any market opportunities.
  Where deemed appropriate, the Group resorts to derivative instruments on commodities (Commodities swaps) to hedge and mitigate the described risks.

- *Risks relating to changes in interest rates*

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

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

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

Key non-financial indicators

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

Information on the environment and safety

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

Work to monitor and maintain appropriate environmental protection standards in accordance with ISO 14001:2015 (Environmental management systems) and ISO 45001:2018 (occupational health and safety standard recognised and accepted around the world) continued during the year ended March 31st, 2023.

Staff training sessions were held in relation to

- updating specific training in accordance with the criteria of the State-Regions Agreement of December 2011;
- update specific training for supervisors on how to exercise control over workers' compliance with the company's legal provisions on health and safety at workplace;
- refresher training for first aid and emergency team members;
- refresher training for self-propelled forklift truck drivers;
- degassing plant operation and maintenance update;
- refresher training for sandblasting plant operation and maintenance;
- PES/PAV training for personnel working on electrical installations;

Worker safety representant training update.

Updating of the Risk Assessment Document and of the Environmental Impacts Register was carried out - also with reference to the impacts linked to the pandemic spread - with the identification and analysis of risks and with the procedures for managing emergencies of an environmental or worker safety nature (for the definition of the actions necessary for the prevention of future accidents). The emergency plan was also updated with regard to fire prevention issues.

Operational training sessions were held to simulate emergency scenarios such as fire, evacuation, chemical spillage, outbreak of illness and related first aid intervention, with the participation of employees.

Work on installations included the following principal actions:

Lombardore plant - Turin (mechanical processing):

- Updating of horizontal and vertical signage to mark danger zones and installation of safety barriers and guard rails
- Installation of life lines on building roofs.

Chivasso plant - Turin (die casting and sandblasting):

- Installation of optical warning device for forklifts approaching;
- Modification of heating system in office building and installation of thermostats for separate room management;
- Installation of life lines on building roofs.

Chivasso plant – Turin (mechanical machining):

- Installation of lifelines on building roofs.

Grugliasco plant - Turin (plastics processing):

- Laying of new flooring in the raw material warehouse;
- Carrying out work on the structures of the buildings with elements/compartmentalisation with fire resistance characteristics appropriate to the fire risk;
- Modernisation of the dust extraction system in the scrap grinding area;
- Positioning of parabolic mirrors near areas with poor visibility.

Bione plant – Brescia (die casting):

- Installation of parapets on building roofs
- Installation of optical signalling device for forklifts approaching
- Update layout of aluminium alloy degassing area with implementation of fixed guards and access control system
- Replacement for purchase of more efficient and high-performance compressors.

It should also be noted that during the year, the Group undertook an important project to equip its main production sites with photovoltaic plants to supply part of its energy needs with directly produced renewable energy. The plants in the process of installation as of 31/03/2023, which particularly involve the industrial areas of Lombardore, Chivasso (Turin) and Bione (Brescia), are scheduled to start up in the summer of 2023.

Information on personnel management

The Group's workforce averaged 602 employees during 2022/2023, in line with previous year data (including the change in the consolidation perimeter, (even taking into account the change in the perimeter of consolidation, with an average workforce, for the consolidation period, of 24 employees equivalent). Details of the types of employment are given below:

Employees	2022/23	2021/22
Managers	20	21
White collar	135	129
Blue collar	447	452
Total	**602**	**602**

At 31/03/2023 the overall workforce of the Group amounted to 636 employees.

During the fiscal year ended March 31, 2023, the main training activities were directed in the areas of Manufacturing, Technical Services/Maintenance and Quality with the aim of raising the standards of general and specific skills, also in relation to the variables related to the continuous improvement of production and business processes.

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

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

<u>Manufacturing/production-related training:</u>

- Development of specific knowledge and skills through frontal and on-the-job training sessions in relation to the start-up of new processing lines and management of related procedures. Activities were also carried out through partnerships with suppliers of mechanical processing plants and automation lines and in particular;
- Operational management of automation and mechanical processing lines with external and on-the-job training activities aimed at developing the specific skills of specialised and operational personnel and training of new dedicated figures;
- On-the-job activities related to the improvement of production processes and verification of the conformity of processed and semi-finished products;
- Problem Solving for autonomous management of production problems with a view to continuous improvement;
- Continuous on-the-job training of production personnel aimed at increasing awareness of product quality characteristics, customer requirements and updating of control chart specifications.

<u>Engineering/quality training:</u>

Internal quality:

- Improvement of internal management processes of conformity variables of processed and semi-finished products, different control methodologies, quality system documentation through on-the-job training;

- Development of knowledge and skills in the field of metrology, with particular attention to the technical investigation of the mechanical drawings of products;
- Development of specific knowledge and skills in 8D methodology and the "Tools" used in analysis. (Ishikawa Diagrams - Pareto Charts - 5WHY - 5WHY and 2H - SPC - Scatter Charts - FMEA - The Company System - IATF 9499 - IATF 16949 Requirements - Process Parameters - 4M - Definition of Controls - Statistical Process Analysis - Process Monitoring - Nonconformity (cost and flow) - "Logical Thinking" - "San Gen Shugi" - Analysis, Implementation and Transversal - Special Supply States - Customer Satisfaction);
- RX level 2 analysis.

Skills Certification:
- External training related to certification of skills and regulatory requirements provided by clients and in particular:
  - Automotive "Core Tools" for Process and System Auditors;
  - CQI 27 - Casting System Assessment;
  - VDA 2 - Production Process and Product Approval;
  - VDA 6.3 - Qualification of Process "Auditors" with examination and qualification of First and Second Party Auditors according to the IATF Quality Management System 16949:2016;

Training activities related to the development of technical and management skills.
- CMM Programming - Zeiss;
- VG Studio, software for managing tomographic scans on aluminium castings;
- Programming and use of "Nanofocus" software - CMM programming - Hexagon PC - Dimis;
- GROB Electromechanical Maintenance;
- Qualification of Non-Destructive Testing Personnel;
- MSA - Measurement System Analysis;
- Training in the use of production part marking systems and related programming;
- Specific skills development on complex technical drawings: analysis, interpretations, applications and rules, symbology;

Training activities related to the development of "Soft skills" and methodological application, such as "Leadership, and Management", Effective Communication, DMS - Daliy Management System.

The overall activities carried out (including what was previously indicated with reference to the environment and safety area) engaged the company staff for a total of more than 5,700 hours with training activities carried out internally and externally (in addition to the hours of on-the-job training for training mentoring).

It should be noted that, in the second half of the year, corresponding to the period of slowdown in the plastic moulding business, the Group made recourse - exclusively for the Grugliasco (TO) plant - to the use of redundancy government support, to face with production stoppages and the reduced level of activity.

Research and development activities

Pursuant to and for the purposes of point 1) of the third paragraph of Article 2428 of the Italian Civil Code, it is hereby certified that with reference to the described research and development activities applied to the product and the production process, reported costs of approximately Euro 1.95 million (including Euro 1.53 million for which, given the requisites, capitalization was carried out among intangible fixed assets) were incurred during the year.

These costs mainly concerned the costs of technical and production support personnel involved during the year in product and process development activities (referring both to the specific projects subject to contribution/co-financing described, and to the development activity carried out by the technical offices in relation to the new products developed for the reference market), as well as costs of external suppliers/consultants and costs for the use of material production factors of the companies involved.

It should be noted that with reference to the various research and development activities indicated, the Group benefited from the tax credit provided under Article 1, paragraph 70, letter d), Law 145/2018 (so-called Budget Law 2019). During the year under review, the Group recorded income related to this case (in relation to costs incurred in the year 2021/2022 and subject to specific certification in the year under review) in the amount of Euro 220 thousand.

In particular, the main activities carried out by the Group in the main business areas are summarized below:

Die-casting activities

Multiple preliminary feasibility studies were developed, including equipment lay-outs, detailed castability analysis, filling and solidification simulations, definition of stock quotas, and consolidation of existing methodologies. Dozens of technical reviews have been prepared.

Casting traceability: tests were carried out in an industrial environment to evaluate the reliability of laser marking integrated into the die-casting cell.

Developed and introduced Integrated Database of materials with characteristics of low carbon footprint secondary alloys and new generation primary alloys for die casting (e.g., AlSi7, AlSi9Mn) with related heat treatment processes for production of EV components (electric motors, electronics and battery housing).

Design activities carried out in process and Product areas:

- Designed, fabricated and sampled complete sets of foundry tools (HPDC mould and trim) to be supplied to the machining department.
- Of particular interest is the platform for new full-electric application of OEMs. The component requires manufacturing solutions never applied before. In particular, the creation of a large flat and aesthetic surface requires maximum flatness of the blank. As a result of process simulations and co-engineering activities with the end customer, a ribbed geometry was developed on the largest wall of the component, which enabled the required features to be guaranteed.
- Upgraded technical equipment of the product/process development offices at the Bione (BS) plant with software upgrades for Parametric Modelling and casting simulation.
- Conducted testing activities with alternative coatings (to reduce metallization) and tests with innovative release agents.
- New EN47100 alloy: customer specifications for certain recently acquired products required the use of a newly introduced material (EN47100) at the Chivasso plant. process and handling of this alloy required special attention, both in the design stages of the casting mould and in the sampling stage, during which some defects related to the typical solidity range of this high-silicon alloy required the adoption of innovative mould thermoregulation and lubrication-cooling solutions.

Machining Activities

Design and definition of production lines were achieved through synergies and collaborations with leading companies in the machining and automation sectors, integrating technical solutions for in-line control of critical product features (such as, for example, innovative vision/scanning systems for product quality management).

Product development activities were completed with strategic customers (VW - AUDI) in the definition phases of newly acquired products (Oil Module, HV-LE Deckel and Lagershield).

Concept design activities for EV platform components were continued: in particular, activities planned under the IPCEI 1 Batteries project (recalled above) related to the production and assembly of lithium-ion battery housing gaskets in various formats (cylindrical, prismatic and pouch) were completed.

In-depth technical aspects related to innovative joining technologies of dissimilar materials were completed. In particular, FSW - Friction Stir Welding applied to battery cooling plates and power electronics housings.

Design activities carried out in process and Product areas:

Production lines were installed and production startup completed for VW, Iveco, and Stellantis parts and industrialization phases of new VW/AUDI products started/completed

"Two-wheeler" Components Activities.

Activities aimed at optimizing the performance of APTC EVO and APTC PLUS clutches were carried out. The development activity benefited from the positive impetus provided by the commissioning of the test bench facility, which will enable the acceleration of the timing and validation of the innovative technological solutions identified.

Special Projects

The following is a roundup of the progress of special projects developed in the context of broader nationally or internationally co-funded R&D projects in which the Group takes part:

ICARO Project - Piedmont Region/Finpiemonte.

During the year, the reporting process of the ICARO project was concluded - Regional Operational Program "Regional Competitiveness and Employment" E.R.S.R. 2014/2020 - Action I.1b.1.1- Call "IR2" Industrialization of research results. The activity - which had been concluded, from a technical point of view, with the achievement of all project objectives - has completed the procedures of second-level verification, with the confirmation of obtaining the substantial totality of the grants payable.

From a content point of view, of particular note is the start of production of high-performance ICE valve covers with HPDC process and secondary alloy (replacing primary alloy/gravity-cast version) with reduced thicknesses and 35% weight reduction.

Analyses to compare virtual process simulation results with X-ray and CTSCAN results continued after the completion of project-reported activities. In particular, a methodology was developed for the virtual simulation of metal face flow with associated solidification. This methodology is providing useful insights to identify the best casting lay-out across all current foundry production applications.

SALEMA Project - Horizon 2020.

The first phase of the project-which is based on objectives to introduce specific alloys, with technical content of raw materials functional for the reduction of critical components for European sourcing-has been successfully completed with the design, in collaboration with the Stellantis Group, of an HPDC demonstrator, related mould and auxiliary production equipment. The foundry equipment will be used-in the context of the next project steps-to evaluate the in-process behaviour of new low CRM (Critical Raw Materials) alloys in an industrial environment.

IPCEI 1 Batteries Project - European Union (through MIMIT).

The first milestone of the project was achieved, defining an innovative "NNS - Near Net Shape" concept of modular housing for secondary batteries, produced from secondary aluminium alloy. Specifically, the following project objectives were achieved:

- A detailed benchmark for battery housing was completed.
- Solutions were developed for battery systems with facilitated assembly and disassembly, with the goal of standardization and reuse. All 3 most common battery cells (round, prismatic, and pouch) were considered. Eight innovative housing concepts were developed (HPDC/extrusion, HPDC/plastic injection moulding, and HPDC technologies) covering the M1 4-wheel car category (Tazzari EV), large automotive battery chassis, truck, and VDA-compliant modules.
- The reliability of innovative non-destructive testing methods (X-ray tomography-CTScan, 3D scanning technologies) was evaluated on a full-scale LG Chem VDA battery module.
- Completed feasibility studies of modules for reuse in other application areas. The aluminium BM-Basic Module HPDC (automotive first life/second life power bank) housing was developed. Sub-module concepts with cell accessibility were identified. Tooling production for the BM module was started. 2 variants of LCFP aluminium alloy tailored for moke-up of battery housings were successfully tested, produced by a fast-cooling vacuum-assisted process to ensure high solidification speed and compensate for inferior properties due to impurities. This process is now available in a dedicated production cell at the Endurance foundry in Chivasso.
- Prototypes of 2-wheel ALPHA were produced. The quality of aluminium housings after machining was evaluated on representative statistical batches of HPDCs, providing useful information for optimizing the casting process.
- Completed co-design activities of HPDC battery housings with end users. Released 4 CAD models of demonstration cases.
- Semi Solid Casting (SSC) technology was evaluated, with reference to which virtual process simulation was completed compared to HPDC technology.
- A novel concept of HPDC Modular-C was identified as competitive/flexible to receive different cell types (cylindrical, prismatic, or pouch). In particular, a cylindrical sub-module concept of lithium-ion cells was finalized for a prototype battery housing for 2-wheelers, making it possible to reuse the cells in different application fields (E-bikes, E-scooters and gardening/hobby tools).

EuBatIn Project (IPCEI 2) - European Union (through MIMIT).

Study and design of a "swap" battery module for 2-wheel applications has been initiated (co-design in collaboration with ATEX). The HP die-casting solution provides high functional integration that allows the solution to compete with alternative materials (techno polymers) or semi-products (extrusions). The production of prototypes to support the identified solutions has been initiated.

Technical support has also been provided to external foundries for product verification and quality assurance (e.g., Teksid Aluminum / Punch transmission housing).

With reference to the co-funded projects described, it should be noted that during the year the following contributions were obtained following the verification of reported costs:

- ICARO Project: following the completion of the verification activities, the value of the grants under the project was finalised, with the disbursement of the last tranche of € 225 thousand (resulting in a maximum grant obtaining percentage of 93.7%);
- Future Manufacturing Project (Sustainable Industry): following completion of the second level ministerial verifications, the last tranches of contributions of € 43 thousand were released and disbursed;
- With reference to the SALEMA project, in relation to the first progress statement, contributions of € 111 thousand were obtained.

In relation to the IPCEI projects, the first statements of costs incurred have been made for the verification of the relevant bodies, at the outcome of which the first tranches of contributions will be obtained.

Transactions with subsidiaries, associates, parent companies and fellow subsidiaries

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

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

Receivables from affiliates classified as current assets

Description	FY 2022/23	FY 2021/22	Change
from parent companies	303,870	300,645	3,225
from fellow subsidiaries	355,231	654,907	(299,676)
Total	*659,101*	*955,552*	*(296,451)*

Receivables from parent companies (Euro 304 thousand as at March 31st, 2023) refer to outstanding commercial relationships with the parent company Endurance Technologies Limited.

Receivables from fellow subsidiaries (amounting to Euro 355 thousand as at March 31st, 2023, a reduction as compared to the previous financial year) refer to receivables of a commercial nature, mainly connected with administrative, financial and support services provided by Endurance Overseas S.r.l. to the German fellow subsidiary Endurance GmbH, on the basis of specific service agreements, regulated at market conditions.

Payables due to and loans from affiliates

Description	FY 2022/23	FY 2021/22	Change
payables due to parent companies	42,935	73,735	(30,800)
payables due to fellow subsidiaries	2,785,051	4,871,921	(2,086,870)
Total	*2,827,986*	*4,945,656*	*(2,117,670)*

Payables due to parent companies (Euro 43 thousand at March 31st, 2023) refer to commercial transactions with the parent company Endurance Technologies Limited.

Payables to fellow subsidiaries (Euro 2,785 thousand at 31/03/2023, down by Euro 2,087 thousand compared to the previous financial year) refer to transactions with the foreign subsidiary Endurance GmbH and include the amount connected to the centralized treasury management (cash pooling) activity operated by Endurance Overseas S,r,l. With reference to this item, please note that, during the current year, the Group fully repaid the loan (for Euro 3,000 thousand) granted in previous years by Endurance Gmbh.

Business outlook

The last quarter of calendar year 2022 showed a noticeable slowdown in GDP in all Western economies. For 2023, the International Monetary Fund forecasts global economic growth at 2.8 percent, but falling to 1.6 percent for the U.S. and 0.8 percent for the Eurozone (including -0.1 percent for Germany, +0.7 percent for France and Italy).

The increasing burden of the living costs and higher borrowing costs from rising interest rates is weakening consumers' purchasing power and businesses' investment opportunities. It will depend on the ability of Central Banks, in dosing monetary policy instruments appropriately, to make sure that the sudden increase in rates, necessary to calm the rise in prices, does not turn into a heavy recession ("hard landing").

After reaching 11 percent in the latter part of 2022, inflation in many European countries is showing signs of slowing down in tandem with the reduction in energy factor prices that have recently fallen significantly from the dramatic peaks of 2022, but are still positioned at levels much higher (2 to 3 times) than historical prices in the years up to 2020.

A return to the baseline conditions is difficult to foresee any time soon given that geopolitical tensions do not seem destined to ease also due to the absence of concrete solutions that hint at the hoped-for end to the ongoing war conflict. Moreover, it should be noted that the company does not operate directly in either the Russian or Ukrainian markets and is therefore not directly affected by the conflict except for the adverse effects on general market conditions.

At the moment, therefore, a framework of general uncertainty remains, so it is difficult to imagine how the various scenarios may be reflected in the fate of the world economy and the consequent repercussions for the automotive sector. Precisely because of the situation of radical uncertainty, it is necessary to try to anticipate the future in which one operates by imagining and preparing for the different scenarios, trying to be pliant. If these conditions remain sufficiently balanced, the expectations for the Group are to achieve positive results for the 2023/2024 fiscal 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 Civil Code, we can confirm that the Group has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging IRS contracts in relation to some of these loans and Commodity Swaps contracts connected to the purchase of a portion of energetic resources needed by the Group. The fair value of these hedging instruments is discussed in the explanatory notes.

Lombardore, May 16th, 2023

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 quota holder:	no
Company subject to management control and coordination activities:	no
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 OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	n/a

Financial statements at 31/03/2023

Consolidated Balance Sheet

	March 31st, 2023	March 31st, 2022
Assets		
B) Fixed assets		
I - Intangible assets	-	-
1) start-up and expansion costs	9,717	4,178
2) development costs	3,567,619	3,847,386
3) industrial patent rights and intellectual property rights	887,284	1,215,623
4) concessions, licences, trademarks and similar rights	893,411	993,840
5) goodwill	5,212,686	1,416,255
6) assets under construction and advance payments	15,400	15,400
7) other	74,247	18,110
Total intangible assets	*10,660,364*	*7,510,792*
II - Tangible fixed assets	-	-

	March 31st, 2023	March 31st, 2022
1) land and buildings	29,624,129	30,071,098
2) plant and machinery	60,293,314	62,428,254
3) industrial and commercial equipment	1,073,003	780,876
4) other assets	504,266	499,682
5) assets under construction and advance payments	15,980,274	5,325,914
Total tangible fixed assets	*107,474,986*	*99,105,824*
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	3,026	4,841
Total equity investments	*3,026*	*4,841*
2) receivables	-	-
d-bis) from others	49,423	329,480
due within one year	49,423	329,480
due beyond one year	-	-
Total receivables	*49,423*	*329,480*
4) derivative financial instruments assets	223,572	2,097,668
Total financial fixed assets	*276,021*	*2,431,989*
Total fixed assets (B)	*118,411,371*	*109,048,605*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials and consumables	7,616,444	7,874,483
2) work in process and semi-finished products	12,758,445	11,076,264
4) finished products and goods	12,297,180	10,401,653
5) advances	43,401	16,631
Total inventories	*32,715,470*	*29,369,031*
Non current assets held for sale and discontinued operations	-	-
II - Receivables	-	-
1) from customers	24,353,137	14,013,232
due within one year	24,353,137	14,013,232
5) from parent companies	303,870	300,645
due within one year	303,870	300,645
5) from fellow subsidiaries	355,231	654,907
due within one year	355,231	654,907
5-bis) tax receivables	9,983,453	6,951,546
due within one year	9,932,188	6,951,546
due beyond one year	51,265	-
5-ter) deferred tax assets	9,479,835	10,733,059
5-quater) due from others	1,569,265	1,609,719

	March 31st, 2023	March 31st, 2022
due within one year	1,511,785	1,574,739
due beyond one year	57,480	34,980
Total receivables	*46,044,791*	*34,263,108*
III - Current financial assets	-	-
6) other securities	41,650,949	32,325,948
Total current financial assets	*41,650,949*	*32,325,948*
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	25,190,797	32,610,164
3) cash on hand	10,750	6,249
Total cash and cash equivalents	*25,201,547*	*32,616,413*
Total current assets (C)	*145,612,757*	*128,574,500*
D) Prepaid expenses and accrued income	**1,065,835**	**806,046**
Total assets	*265,089,963*	*238,429,151*
Liabilities and equity		
A) Quotaholders' equity	**112,235,017**	**103,019,905**
I - Quota capital	16,105,263	16,105,263
II - Share premium reserve	304,737	304,737
II – Revaluation reserve	12,615,118	12,458,518
IV - Legal reserve	1,445,449	1,377,259
VI - Other distinctly indicated reserves	-	-
Extraordinary reserve	2,681,395	2,681,395
Paid-in for loss coverage	2,882,602	2,882,602
Currency translation reserve	357	
Consolidation reserve	19,397	19,397
Total other reserves	*5,583,751*	*5,583,394*
VII – Cash Flow Hedge reserve	2,767,590	1,513,582
VIII - Retained earnings (accumulated losses)	65,452,360	58,993,207
IX - Net income (loss) for the year	7,960,749	6,683,945
Total equity attributable to the Group	112,235,017	103,019,905
Equity pertaining to minorities	-	-
Total consolidated quotaholder's equity	112,235,017	103,019,905
Total equity	112,235,017	103,019,905
B) Provision for risks and charges		
2) for current and deferred taxation	1,943,470	2,918,883
3) derivative financial instruments	943,552	5,703
4) Other	3,295,089	3,265,030
Total provisions for risks and charges	*6,182,111*	*6,189,616*
C) Employee termination indemnities	**3,863,722**	**3,010,523**

	March 31st, 2023	March 31st, 2022
D) Payables		
4) due to banks	47,916,736	39,087,413
due within one year	19,590,333	19,611,737
due beyond one year	28,326,403	19,475,676
5) Due to other lenders	1,042,812	1,291,993
due within one year	1,007,484	882,484
due beyond one year	35,328	409,509
6) advances	352,728	511,289
due within one year	352,728	511,289
7) trade payables	70,081,228	62,923,620
due within one year	70,081,228	62,923,620
11) payables due to parent companies	42,935	73,735
due within one year	42,935	73,735
11-bis) due to fellow subsidiaries	2,785,051	4,871,921
due within one year	2,785,051	4,871,921
12) taxation payable	2,309,513	1,543,494
due within one year	2,309,513	1,543,494
13) due to pension and social security institutions	3,227,237	2,837,012
due within one year	3,227,237	2,837,012
14) other payables	10,584,449	9,866,168
due within one year	10,584,449	9,766,168
due beyond one year	-	100,000
Total payables	*138,342,689*	*123,006,645*
E) Accrued expenses and deferred income	**4,466,424**	**3,202,462**
Total liabilities and quotaholders' equity	*265,089,963*	*238,429,151*

Consolidated Income Statement

	Year ended March 31st, 2023	Year ended March 31st, 2022
A) Value of production		
1) revenues from sales of goods and services	197,028,119	168,991,363
2) change in inventories of work in progress, semi-finished and finished products	(661,580)	4,265,054
4) increases in fixed assets for internal production	1,222,033	1,952,794
5) other income and revenues	-	-
operating grants	5,915,769	1,428,021
other	4,011,100	4,472,254

	Year ended March 31st, 2023	Year ended March 31st, 2022
Total other income and revenues	*9,926,869*	*5,900,275*
Total value of production	*207,515,441*	*181,109,486*
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	89,302,976	75,306,169
7) services	43,545,867	38,366,536
8) lease and rental charges	1,958,750	1,867,007
9) payroll	-	-
a) wages and salaries	31,103,232	29,715,308
b) social contributions	8,329,930	7,587,374
c) termination indemnities	1,657,421	1,500,391
e) other costs	711,659	485,322
Total payroll costs	*41,802,242*	*39,288,395*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible fixed assets	3,204,018	2,252,634
b) depreciation of tangible fixed assets	16,824,748	16,649,961
d) writedowns of current receivables and liquid funds	210,481	12,043
Total depreciation, amortisation and writedowns	*20,239,247*	*18,914,638*
11) change in inventory of raw and ancillary materials, consumables and goods	(1,187,549)	(128,542)
14) other operating expenses	1,893,545	2,033,436
Total cost of production	*197,555,078*	*175,647,639*
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**9,960,363**	**5,461,847**
C) Financial income and charges		
15) income from equity investments	-	-
other	257	67
Total income from equity investments	*257*	*67*
16) other financial income	-	-
a) receivables recorded under fixed assets	-	-
other	120,467	2,137
Total financial income from receivables recorded under fixed assets	*120,467*	*2,137*
d) income other than the above	-	-
other	590,329	323,597
Total income other than the above	*590,329*	*323,597*
Total other financial income	*710,796*	*325,801*
17) interest and other financial charges	-	-
to parent companies	5,514	-
to fellow subsidiaries	42,376	13.560
other	1,286,190	528.767
Total interest and other financial charges	*1,334,080*	*542.327*

	Year ended March 31st, 2023	Year ended March 31st, 2022
17-bis) exchange gains and losses	143	(7.795)
Total financial income and charges (15+16-17+-17-bis)	*(622,884)*	*(224.321)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
c) of current financial assets	-	26,887
d) of financial derivatives	-	87,891
Total revaluations	-	*114,778*
19) writedowns	-	-
c) current financial assets excluding equity investments	639,963	-
Total writedowns	*639,963*	-
Total adjustments to financial assets and liabilities (18-19)	*(639,963)*	*114,778*
Result before taxes (A-B+-C+-D)	**8,697,516**	**5,352,304**
20) Income taxes for the year, current and deferred		
current taxation	932,262	801,919
prior year taxation	22,585	3,033
deferred taxation	(170,267)	(2,136,593)
income (expense) from participation in the tax consolidation regime	47,813	-
Total income taxes for the year, current and deferred	*736,767*	*(1,331,641)*
21) Net income (loss) for the year	**7,960,749**	**6,683,945**
Net income (loss) attributable to the Group	**7,960,749**	**6,683,945**
Net income (loss) attributable to Minorities	**-**	**-**

Consolidated statement of cash flow (indirect method)

	Year ended March 31st, 2023	Year ended March 31st, 2022
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	7,960,749	6,683,945
Taxation	736,767	(1,331,641)
Interest expense/(interest income)	622,884	224,796
(Dividends)	-	-
(Gains)/losses from disposal of assets	(27,589)	(354,294)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*9,292,811*	*5,222,806*
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	606,380	1,500,391
Depreciation and amortisation of fixed assets	20,028,766	18,902,120
Impairment losses	(20,689)	-

	Year ended March 31st, 2023	**Year ended March 31st, 2022**
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	639,963	(114,778)
Other adjustments up or (down) for non-cash items	3,338,585	(94,333)
Total adjustments for non-cash items that had no counterpart in net working capital	*24,593,005*	*20,193,400*
2) Cash flow before changes in net working capital	*33,885,816*	*25,416,206*
Change in net working capital		
Decrease/(Increase) in inventory	(551,813)	(4,387,397)
Decrease/(Increase) in trade receivables	(7,931,231)	7,500,898
Increase/(Decrease) in trade payables	453,811	(6,237,060)
Decrease/(Increase) in prepaid expenses and accrued income	(110,755)	(11,109)
Increase/(Decrease) in accrued expenses and deferred income	1,263,962	2,043,947
Other decreases/(Other Increases) in net working capital	82,432	(1,176,221)
Total changes in net working capital	*(6,793,594)*	*(2,266,942)*
3) Cash flow after changes in net working capital	*27,092,221*	*23,149,264*
Other adjustments		
Interest collected/(paid)	(399,494)	(180,937)
(Income taxes paid)	(679,785)	(397,521)
Cashed-in dividends	-	-
(Use of provisions)	(1,104,860)	(1,937,635)
Total other adjustments	(2,184,139)	(2,516,093)
Cash flow from operating activities (A)	***24,908,083***	***20,633,171***
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(22,044,000)	(14,423,156)
Disposals	349,015	563,164
Intangible assets		
(Investments)	(1,538,720)	(2,010,847)
Disposals	49,684	3,707
Financial fixed assets		
(Investments)	-	-
Disposals	280,057	-
Current financial assets		
(Investments)	(14,410,882)	(919,933)
Disposals	5,085,881	-
(Acquisition of subsidiaries net of cash and cash equivalents)	(5,725,830)	(603,676)
Cash flow from investing activities (B)	***(37,954,795)***	***(17,390,741)***
C) Cash flows from financing activities		
Third-party funds		

	Year ended March 31st, 2023	Year ended March 31st, 2022
Increase/(Decrease) in current bank loans	(875,041)	(875,041)
New loans	3,000,000	3,000,000
(Repayment of loans)	(23,810,029)	(23,810,029)
Paid-In capital increase	-	-
Cash flow from financing activities (C)	***(21,685,071)***	***(21,685,071)***
Increase (decrease) in cash and cash equivalents (A ± B ± C)	***(18,442,640)***	***(18,442,640)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	32,610,164	51,052,724
Cash on hand	6,249	6,329
Total cash and cash equivalents at the beginning of the year	32,616,413	51,059,053
Cash and cash equivalents at the end of the year		
Bank and postal deposits	25,190,797	32,610,164
Cash on hand	10,750	6,249
Total cash and cash equivalents at the end of the year	25,201,547	32,616,413
Acquisition or sale of subsidiaries		
Total amounts paid or received	(6,456,974)	(730,856)
Significant portion of amounts in cash and cash equivalents	(6,456,974)	(730,856)
Cash and cash equivalents acquired or disbursed with subsidiaries acquisition/disposal transactions	731,144	127,180
Carrying value of assets/liabilities acquired or sold	1,691,008	(11,190)

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" – included in the section on cash flows deriving from financing activities for the year 2022/2023 - includes the cash outflow (Euro 6,457 thousand) for the acquisition of 100% stake of Frenotecnica S.r.l. e New Fren S.r.l., net of the cash and cash equivalents (Euro 731 thousand) acquired as part of the same transactions.

ENDURANCE OVERSEAS S.R.L.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)
Tax Code and
Turin Companies Register No. 05754620960
Turin Chamber of Commerce No. 1101893
Quota capital: Euro 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 31/03/2023

Introduction to the explanatory notes

To the Quota holders,

These explanatory notes form an integral part of the consolidated financial statements for the year ended March 31st 2023.

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

The consolidated financial statements for the year ended March 31st 2023 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.

Despite the uncertain general context, taking into account the effects of the reduced upward trend in energy utility prices (partly offset by external support measures), offset, however, by the rise in interest rates on the one hand, aimed at counteracting inflationary data that have reached extremely significant levels in recent months, it is believed that the Group's current liquidity levels make it possible to assess as absent, at present, any indicators that could undermine the company's ability to operate as a going concern over the next 12 months and to pursue the business development objectives planned for the near future.

Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognized 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 accrual basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognized, even if they become known after the reporting date.

The Group's results and financial position at March 31st, 2022 give a true and fair view in compliance with the provisions of Legislative Decree 127/91 (as supplemented by the provisions of Legislative Decree 139/2015); where necessary, supplementary disclosures are provided as required by the 3rd paragraph of art. 29 of this decree.

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

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

Information on the composition of the Group

The Group is comprised as follows at March 31st, 2023:

Investee - Name	Held by - Name	Role	Nature of Parent Company control	% of direct control / % of voting rights	% consolidated
ENDURANCE OVERSEAS S.R.L.	-	Parent Company	-	-	-
ENDURANCE SPA	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100.00	100.00
ENDURANCE ENGINEERING S.R.L.	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100.00	100.00
ENDURANCE CASTINGS SPA	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100.00	100.00
ENDURANCE ADLER SPA	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100,00	100,00
VEICOLI S.R.L.	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100,00	100,00
FRENOTECNICA S.R.L.	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100,00	100,00
NEW FREN S.R.L.	ENDURANCE OVERSEAS S.R.L.	Subsidiary	Direct	100,00	100,00
GDS S.A.R.L. (*)	ENDURANCE OVERSEAS S.R.L. NEW FREN S.R.L.	Subsidiary	Direct / Indirect	100,00	100,00

(*) GDS S.a.r.l. capital is owned – as at 31/03/2023 - 99% by NEW FREN S.r.l. 1% by Endurance Overseas S.r.l.

As compared to the previous year, the consolidation area changed due to the entry into the scope of consolidation of Frenotecnica S.r.l., New Fren S.r.l. and GDS S.a.r.l.

In particular, the acquisitions, aimed at strengthening the group's presence in the two-wheeler components sector (motorbikes and bicycles), took place as follows:

- On June 10th, 2022, with a deed drawn up by Notary Agostini in Milan rep. 86362/18445, the equity investment representing the entire share capital of the company Frenotecnica S.r.l. (located in Rovereto (TN)), a company operating mainly in the production of brakes pads for two-wheeler vehicle braking systems, was acquired for Euro5.26 million plus accessory charges;

  The operations of Frenotecnica S.r.l. are included in the perimeter of the consolidated financial statements for the period between 1 July 2022 and 31 March 2023 (in this regard, it should be noted that the newly incorporated company has aligned the reference date of its business year to that of the other group companies).
- On 16th November 2022, with a deed drawn up by Notary Paolo Maria Smirne in Turin - rep. 8328/6038 - the equity investment representing the entire share capital of New Fren S.r.l. (located in Ciriè (TO)) was acquired for Euro 1.15 million plus ancillary expenses. In the context of the acquisition described the company - controlled by New Fren S.r.l. - GDS S.a.r.l. (located in Sousse, Tunisia), involved in the production activities serving the direct parent company, was also included in the scope of consolidation.

  The operations of New Fren S.r.l. are included in the scope of the consolidated financial statements for the period from 1 January 2023 to 31 March 2023 (as well as Frenotecnica S.r.l., the newly acquired subsidiary has aligned the reference date of its financial year with that of the other group companies), based on the assessment of the insignificance of the changes between the date of acquisition and that of first consolidation.

It is also worth mentioning that during the year, the following transactions were implemented to increase the equity allocation - following cash contributions and the conversion of financial receivables claimed by the Parent Company - in of the subsidiaries:

- on 27th March 2023, for the benefit of Endurance Adler S.p.A., for a total amount of Euro 3,000 thousand, allocated to the Extraordinary Reserve;
- on 13th February 2023, for the benefit of Frenotecnica S.r.l., for a total amount of Euro 500 thousand, of which Euro 70 thousand allocated to share capital increase (increased to Euro 120 thousand) and Euro 430 thousand allocated to equity reserves for future capital increases.

In addition, during the year, to rationalize and reorganize the group's operations, the partial demerger of the Parent Company in favour of the subsidiary Endurance S.p.A. was resolved, through a deed drawn up by Notary Roberto De Leo in Chivasso (rep. 171022/41727), by which the real estate constituting the production units of the beneficiary was transferred. It should be noted that this transaction had no effect on the values shown in these consolidated financial statements.

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

Investee - Name	Head office	Share Capital (in Euro)
Businesses consolidated on a line-by-line basis:		
ENDURANCE SPA	VIA REGIONE POZZO 26 CHIVASSO (TURIN)	5,000,000
ENDURANCE ENGINEERING S.R.L.	STRADA DEL CASCINOTTO 135/A TURIN	100,000
ENDURANCE CASTINGS SPA	CONCA D'ORO 14 - 14/A BIONE (BRESCIA)	900,000
ENDURANCE ADLER SPA	VIA DI VITTORIO 20/22 -- ROVERETO (TN)	840,000
VEICOLI S.R.L.	VIA ARSENALE 33 - TORINO (TO)	500,000
FRENOTECNICA S.R.L.	VIALE CAPRONI, 15 -- ROVERETO (TN)	120.000
NEW FREN S.R.L.	VIA SANDRO PERTINI, 1 -- CIRIE' (TO)	120.000
GDS S.A.R.L. (*)	SOUSSE (TUNISIE)	3.010

(*) GDS S.a.r.l. share Capital – amounting to 140.486 Tunisian Dinar – is expressed in Euro applying the exchange rate in place at the acquisition date.

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, 2023, 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, 2023, 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 first consolidation of the companies that joined the Group during the year, we highlight the following:

- Frenotecnica S.r.l.: the comparison between the carrying value of the investment and the corresponding shareholders' equity fair value at the date of first consolidation showed a positive difference of Euro 4,750 thousand;
- New Fren S.r.l.: the comparison between the carrying value of the investment and the corresponding net equity valued at current values at the date of first consolidation showed a positive difference of Euro16 thousand.

Both differences emerged were allocated to the assets of the balance sheet, under the item "Goodwill", and amortised in 10 years on a straight-line basis

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 amortized systematically each year on a straight-line basis. Intangible assets are recognized 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 amortization and write-downs.

Amortization 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	Amortization 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, licenses, trademarks, and similar rights	10 years on a straight-line basis
Goodwill – portion emerging in consolidation – Endurance S.p.A.	10 years on a straight-line basis
Goodwill – portion emerging in consolidation – Endurance Adler S.p.A.	5 years on a straight-line basis
Goodwill – portion emerging in consolidation – Veicoli S.r.l.	5 years on a straight-line basis
Goodwill – portion emerging in consolidation – Frenotecnica S.r.l.	10 years on a straight-line basis
Goodwill – portion emerging in consolidation – New Fren S.r.l.	10 years on a straight-line basis
Other intangible assets (leasehold improvements)	5 years on a straight-line basis

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 unamortized 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 amortized over a period that does not exceed five years. Until these assets are fully amortized, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortized balance.

Concessions, licenses, trademarks and similar rights are amortized 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 amortized 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 amortized over 10 years.

Leasehold improvements are capitalized and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognized in the relevant category of "tangible fixed assets"). They are amortized 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.

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, modernize, or improve the structural elements of a tangible fixed asset are capitalized 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 recognized when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accrual basis via classification as "deferred income".

Finance leases are accounted for in accordance with IAS 17.

Impairment (tangible and intangible fixed assets)

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

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

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

Regarding 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 realizable 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 summarized 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 realizable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realizable 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 realizable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realizable 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 realizable value. If in future years the reasons for any write-down cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortized cost, having regard for the time factor and their estimated realizable value. The amortized 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 recognized 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 recognized initially and its maturity value is recognized 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 realizable 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 derecognized 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 recognized in income statement caption C17). If the assignment does not involve de-recognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognized 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 centralized 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 realizable 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. 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 amortized 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 amortization 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, regarding the amortized 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 recognized 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 recognized:

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

Financial income and charges

Financial income and charges are recognized on an accrual's basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accrual's basis.

Income taxes

Income taxes are recognized 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 recognized 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 recognized on all taxable temporary differences.

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

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

Translation of foreign currency items

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

Consolidated explanatory notes – Consolidated assets

The following tables detail significant changes in the assets reported in the balance sheet.

Intangible assets

After having charged amortization for the year of Euro 3,204 thousand, the balance of intangible assets is Euro 10,660 thousand.

The following table analyses intangible assets and the changes during 2022/2023:

CONSOLIDATED	Start-up and expansion costs	Develop-ment costs	Industrial patent rights and intellect-tual property rights	Conces-sions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Assets in process of formation and advance payments	Total intangible assets
Balance at the beginning of the year								
Cost	114,972	8,255,061	3,772,149	1,639,382	25,438,930	3,550,836	15,400	42,786,730
Accumulated amortization	110,794	4,407,675	2,556,526	645,542	23,411,319	3,532,726	-	34,664,582
Write-downs	-	-	-	-	611,356	-	-	611,356
Carrying amount	**4,178**	**3,847,386**	**1,215,623**	**993,840**	**1,416,255**	**18,110**	**15,400**	**7,510,792**
Changes during the year								
Additions	-	1,353,294	100,461	6,151	-	78,814	-	1,538,720
Amortization for the year	2,124	1,633,061	429,511	124,282	969,535	45,505	-	3,204,018
Other changes	7,663	-	711	17,702	4,765,966	22,828	-	4,814,870
Total changes	*5,539*	*(279,767)*	*(328,339)*	*(100,429)*	*3,796,431*	*56,137*	*-*	*3,149,572*
Carrying amount at the end of the year								
Cost	122,635	9,608,355	3,886,716	1,674,639	30,204,897	3,605,671	15,400	49,118,313
Accumulated amortisation	112,918	6,040,736	2,999,432	781,228	24,380,855	3,531,424	-	37,846,593
Write-downs	-	-	-	-	611,356	-	-	611,356
Carrying amount	**9,717**	**3,567,619**	**887,284**	**893,411**	**5,212,686**	**74,247**	**15,400**	**10,660,364**

“Other changes” mainly refer to the change in the consolidation area following the consolidation of the newly acquired Frenotecnica S.r.l., New Fren S.r.l. e GDS S.a.r.l.. 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	-	1	18	-	23	-	49
Purchase price allocation	-	-	-	-	4.766	-	-	4.766
Other changes	**8**	**-**	**1**	**18**	**4.766**	**23**	**-**	**4.815**

The item "Development costs" includes the capitalization 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 industrialization departments, also as part of the research and development projects in which the Group companies participate. Under the item "Other changes" is included the effect of allocation of the value recognized to the know-how related to the development of solutions for two-wheel components acquired through the consolidation of Endurance Adler S.p.A.

The item " Industrial patent rights and intellectual property rights" mainly includes the value of patents owned by Endurance Adler S.p.A., including the value recognized to them at the time of acquisition in the previous fiscal year, related to the development of technologies put in place by the company.

The item " Concessions, licenses, trademarks and similar rights" mainly includes the value associated with the "Grimeca" trademark acquired in the previous fiscal year, in the context of the transaction of entry of the business of Endurance Adler S.p.A. into the Group's scope of operations.

Goodwill at March 31st, 2023 includes:

- the net book value (Euro 211 thousand) of the difference arising on first-time consolidation of the equity investment in Haminoea S.r.l. (in turn the parent company of Endurance S.p.A.), subsequently absorbed by the Parent Company Endurance Overseas S.r.l. On consolidation, the merger deficit recorded in the financial statements of the Parent Company was eliminated as part of the process of determining the net carrying amount of the consolidation difference, pertaining to the actual Endurance S.p.A.;
- the residual value (Euro 267 thousand, net of amortization) of the consolidation difference that emerged during the previous year due to the first consolidation of Endurance Adler S.p.A.;
- the residual value (Euro 445 thousand, net of amortization) of the consolidation difference emerged during the previous year, at first consolidation date of Veicoli S.r.l.;
- the residual value (Euro 4,275 thousand, net of amortization) of the consolidation difference emerged during the current year, at first consolidation date of Frenotecnica S.r.l.;
- the residual value (Euro 14 thousand, net of amortization) of the consolidation difference emerged during the current year, at first consolidation date of New Fren S.r.l.

The recoverability of the goodwill, which is amortized on the basis indicated above, is checked annually using the Discounted Cash Flows ("DCF") method. Group management has prepared economic-financial five-year forecasts for the individual companies, which indicate positive results over that period. Accordingly, the resulting assessment confirmed that that fair value of the Group's assets (both for Goodwill and other net assets) exceeds their corresponding carrying amounts.

Other intangible assets mainly include leasehold improvements (to rented buildings, in particular).

With specific reference to the assessment of impairment indicators resulting from the health emergency, also in response to the Group's request, the Directors carried out a careful analysis of projected cash flows (as indicated, with specific reference to Goodwill) and, based on currently available information, concluded that the value of fixed assets as of March 31st, 2023 is recoverable through future cash flows and, consequently, it was not necessary to carry out any write-downs pursuant to art. 2426, paragraph 1, no. 3 of the Italian Civil Code.

Tangible fixed assets

Tangible fixed assets, net of accumulated depreciation of Euro 16,824 thousand, total Euro 107,475 thousand compared with Euro 99,106 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, Grugliasco and Ciriè (Turin province), in Bione (Brescia province) and Rovereto (Trento province), including the structures used by Group companies under current finance lease contracts (for a net amount of Euro 1.1 million at March 31st, 2023).

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 robotized 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 1.0 million at March 31st, 2023).

The item "Assets under construction and advances" includes the value of advances paid to suppliers for the purchase, in particular, of plant and machinery and the value of assets purchased but awaiting approval for use in production. The amount posted during the year relates to down payments made to primary suppliers of production systems and installation of die-casting islands and mechanical processing lines in connection with projects to expand production capacity.

In the die-casting segment, advances are related to the future installation of two die-casting islands, planned at the Bione (BS) plant, while in the mechanical machining segment, the main projects refer to the Volkswagen/AUDI (Oil Modules, Halter, Deckel) and Stellantis (Transmission housing Punch Powertrain) customers, more recently acquired in the context of the implementation of the Endurance Group's industrial plans. In addition, it should be noted that this item also includes the costs - calculated on the basis of the progress of the activities in progress, whose completion is expected in the first part of the 2023/2024 financial year - related to the installation of photovoltaic systems at all the Group's main production sites (in the province of Turin and Brescia), implemented in the context of the initiatives to diversify energy supply from renewable sources, as part of the Endurance Group's development strategies.

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	53,577,970	189,847,050	28,527,739	4,712,380	5,325,914	281,991,053
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	22,635,034	134,926,340	27,660,643	4,219,826	-	189,441,843
Write-downs	871,838	1,834,941	86,220	72	-	2,793,071
Carrying amount	**30,071,098**	**62,428,254**	**780,876**	**499,682**	**5,325,914**	**99,105,824**
Changes during the year						
Additions	1,435,925	4,092,101	602,471	112,600	18,157,549	24,400,646
Depreciation for the year	1,882,894	14,181,516	560,182	200,156	-	16,824,748
Reclassifications (of the carrying amount)	-	7,503,189	-	-	(7,503,189)	-
Disposals (carrying amount)	-	374,752	(2,866)	(776)	-	371,110
Other changes	-	805,349	246,972	91,364	-	1,143,685
Write-downs	-	(20,689)	-	-	-	(20,689)
Total changes	*(446,969)*	*(2,155,629)*	*292,127*	*4,584*	*10,654,360*	*8,369,162*
Carrying amount at the end of the year						
Cost	55,014,786	202,352,148	30,756,518	5,076,801	15,980,274	309,180,527
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	24,518,819	149,587,301	29,597,296	4,579,666	-	208,283,082
Write-downs	871,838	1,814,018	86,219	69	-	2,772,144
Carrying amount	**29,624,129**	**60,293,314**	**1,073,003**	**504,266**	**15,980,274**	**107,474,986**

The main additions of the period refer to:

- Land and buildings: the increases (Euro 1.4 million) refer to the acquisition of land in the industrial area of Chivasso (TO), aimed at both the completion of the planned photovoltaic plant installation projects and the acquisition of additional space for the implementation of production capacity increases and the reorganization of activities related to the new projects acquired, as well as to improvements made by Group companies to owned buildings;
- Plant and machinery (for a total of Euro 11.6 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 activity (for about Euro8.4 million), increases in production capacity related to existing and newly acquired projects for customers Volkswagen/AUDI (Oil Modules, Oebelhalter, Deckel in particular) and Stellantis (Transmission housing Punch Powertrain, Ducato 2.2) and BMW, largely carried out in the context of projects for automation and interconnection of production systems with a view to Industry 4.0 (in continuity with that carried out in previous years);
  - With reference to die-casting activities, capital expenditures of about Euro1.6 million were made to update the production equipment of the foundry in Chivasso (TO) and Bione (BS);
  - With reference to the activities pertaining to the "two-wheeler" perimeter, we report the installation of a test bench at the Rovereto plant (for an investment of approximately Euro 0.9 million).
  - Lastly, investments related to the start-up of the installation of photovoltaic equipment at the Group's different production sites (for a total amount of approximately Euro 0.7 million)
- With regard to industrial and commercial equipment, the increases recorded (approximately Euro 0.6 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, 2023 refer to advances paid and costs for investments in progress, mainly referred to the most recently acquired projects – as previously indicated - referred to customers VW/AUDI (for Euro 2.7 million), Stellantis (for a total amount of Euro 9.4 million), made by Endurance S.p.A., as well as additional costs for the preparation of production facilities of the other Group companies (advances amounting to Euro 0.7 million related to die-casting islands for the Bione (BS)).

"Other changes" occurring during the year refer to the change in the scope of consolidation resulting from the acquisition of Frenotecnica S.r.l., New Fren S.r.l. and GDS S.a.r.l. (in connection to the fair value of the assets acquired at consolidation date).

It should be noted that no write-downs were deemed necessary pursuant to Article 2426, paragraph 1, no. 3 of the Italian Civil Code. With specific reference to the assessment of the impairment indicators resulting from the pandemic emergency, also in response to the requirements of the Group, the Directors carried out a careful analysis of the prospective cash flows and, based on the information currently available, concluded that the value of fixed assets as of March 31st, 2022, is recoverable through future cash flows.

In addition, based on the evidence of acceleration of the phase-out process of certain products emerging from the most recent evidences coming from the customers, as well as on the revision of the degree of use of specific plants, the Group has revised the useful life of certain assets (in particular plant and machinery specifically dedicated to the production of the mentioned products), reducing their residual life in a manner consistent with the estimates coming from the most updated information available, with a related impact on depreciation for the period.

Revaluations of tangible fixed assets

Pursuant to Art. 10 of Law No. 72 of 19 March 1983 and subsequent laws on revaluations of assets, it should be noted that certain assets (owned by Endurance S.p.A.) still included in the balance sheet have been revalued, the effect of which (in terms of gross revaluation value) is shown below:

Law	Category	Amount
Law No. 342/2000	Industrial and commercial equipment	106,463
Law No. 266/2005	Specific machineries and furnaces	438,412
Law No. 266/2005	Transport vehicles	7,200
Law No. 126/2020	Specific machineries	8,904,073

These revaluations have been made by increasing specific equity reserves, which cannot be distributed until such reserves have been reintegrated or reduced accordingly by resolution of an Extraordinary General Meeting (art. 6 of Law 72/83 and subsequent revaluation laws).

Financial fixed assets

This item is summarized in the following table:

Details	Amount at 31/03/2022	Additions / Increases	Consolidation area variation	Write-downs / Decreases	Amount at 31/03/2023
Equity investments in other companies	4,841	-	627	(2,442)	3,026
Receivables from others	329,480	-	37,092	(317,149)	49,423
Derivative financial instruments	2,097,668	-	-	(1,874,096)	223,572
Total	**2,431,989**	**-**	**37,719**	**(2,193,687)**	**276,021**

The equity investments recorded in the financial statements refer to:

- shares held in 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 and that the investment held in Banca di Credito Valsabbia (Euro 2,442) was sold during the year..

Long-term financial receivables as at March 31st, 2023 include guarantee deposits paid to suppliers for various reasons.

The item "Derivative financial instruments receivable" includes the positive balance represented by the positive fair value (Euro 224 thousand) of derivative contracts, designated as hedging instruments of highly probable transactions, held by the Group as of 31/03/2023. In particular, these are interest rate swap contracts entered into in previous years, with the purpose of mitigating the risk of fluctuations in variable interest rates underlying some of the loan contracts in place.

Described contracts are accounted for in accordance with the cash flow hedge principle. The fair value expressed in the financial statements is based on mark-to-market valuations made available by the leading financial institutions with which the instruments are underwritten.

Inventories

Set out below are details of inventory at 31/03/2023, together with prior year end comparatives:

Description	31/03/2023	31/03/2022	Change	Change %
Raw materials, ancillary materials, and consumables	7,616,444	7,874,483	(258,039)	-3%
Work in process and semi-finished products	12,758,445	11,076,264	1,682,181	15%
Finished products and goods	12,297,180	10,401,653	1,895,527	18%
Advances	43,401	16,631	26,770	161%
Total	**32,715,470**	**29,369,031**	**3,346,439**	**11%**

Inventories are recorded in the financial statements as at March 31st, 2023, net of an allowance for inventory write-downs, totalling Euro 7,371 thousand (including Euro 581 thousand related to the perimeter variation), allocated to take into account obsolete or slow-moving inventories mainly attributable to phase-out products based on the production trends of models affected by the updates of emission regulations.

The increase compared to the previous year's figure relates to the effect of the change in the scope of consolidation of the newly-acquired companies (for about Euro 3 million), in addition to the upward trend, when compared to the previous year's figure, of the value of the main raw material (aluminium alloy), as well as to the trend in production absorption by customers, which, for the entire duration of the financial year - with effects also on the last part of the same - recorded fluctuating trends, although generally up compared to the previous year (as reflected in the trend of sales volumes).

Receivables

Set out below are details of receivables at March 31st, 2023, with comparative prior year end amounts:

Description	31/03/2023 within 1 year	31/03/2023 beyond 1 year	31/03/2023 Total	31/03/2022	Change	Change %
Trade receivables	24,353,137	-	24,353,137	14,013,232	10,339,905	74%
Receivables due from parent companies	303,870	-	303,870	300,645	3,225	1%
Receivables due from fellow subsidiaries	355,231	-	355,231	654,907	(299,676)	-46%
Tax receivables	9,932,188	51,265	9,983,453	6,951,546	3,031,907	44%
Deferred tax assets	9,479,835	-	9,479,835	10,733,059	(1,253,224)	-12%
Other receivables	1,511,785	57,480	1,569,265	1,609,719	(40,454)	-3%
Total	**45,936,046**	**108,745**	**46,044,791**	**34,263,108**	**11,781,683**	**34%**

The nominal amount of trade receivables is adjusted to reflect their expected realizable value by the allowance for doubtful accounts of Euro 944 thousand, which increased by Euro 210 thousand (including the Euro 20 thousand consolidation perimeter change) as compared to prior year.

Trade Receivable (Euro 24,353 thousand as of March 31st, 2023, compared to Euro 14,013 thousand as of March 31st, 2022)) recorded an increase over the previous year of € 10,340 thousand, attributable to the growth in volumes recorded in the final part of the current year with respect to the corresponding period of the 2021/2022 financial year, in connection with the recovery recorded in the markets following the overcoming of the most critical phase of the market turbulences related to the procurement of materials and components (with effects on the production continuity of final customers) and the disruptive effect determined by the trend in the costs of energy utilities. Recorded increase also includes the change in the scope of consolidation, which amounts to about Euro 1.8 million.

Receivables from parent companies (Euro 304 thousand as at March 31st, 2023) refer to commercial transactions with the Indian parent company Endurance Technologies Limited.

The amounts due from fellow subsidiaries (Euro 355 thousand at March 31st, 2023, recording a decrease during the year) are related to commercial transactions, deriving mostly from the provision of administrative, financial and support services by Endurance Overseas S.r.l. to Endurance Amman GmbH (owned by Endurance Technologies Limited, or "ETL", the parent of the Group) on the basis of specific service agreements, set up on arm's-length terms.

Tax receivables (Euro 9,983 thousand at March 31st, 2023, up by Euro 3,032 thousand as compared to March 31st, 2022) mainly comprise IRES and IRAP tax credits representing the excess of advances over the related payables by Euro 2,684 thousand and Euro 360 thousand respectively, VAT receivables totalling Euro 3,259 thousand (of which Euro 2.3 million reimbursed in April 2023), the residual value of tax credits linked to R&D activities and investments in tangible fixed assets (for a total of Euro 2,244 thousand), those related to credits recognized pursuant to the provisions of Italian Legislative Decree No. 4 of 2022 et seq. (Euro 968 thousand), those accrued for withholding taxes on foreign-produced income (Euro 325 thousand), and to other tax receivables. All outstanding tax receivables have counterparts in the Italian Treasury.

Deferred tax assets (Euro 9,480 thousand as of March 31st, 2022, down Euro 1,253 thousand on the previous year) refer to deductible temporary differences relating, in particular, to the statutory and tax value of tangible fixed assets (due to different depreciation rates applied) and provisions with deferred deductibility, as well as deferred tax assets posted during the year on the tax losses incurred by Group companies. In particular, with regard to deferred tax assets related to tax-losses, the accumulation of negative taxable income is the combined effect of the reduction in taxable income related to volume trends (impacted by both the effects of the continuing pandemic and the criticality of industrial sector supply chains, as well as energy cost trends) and the effect of the tax benefits obtained, particularly with reference to the extra-deductions related to the discipline of investment in high-tech tangible and intangible assets (so-called "super-amortization" and "hyper-amortization") connected to Industry 4.0 discipline.

Such deferred tax assets have been recorded in the financial statements considering their probable future recovery, taking into account future taxable income determined on the basis of results consistent with management's most up-to-date estimates.

Current financial assets

Set out below are details of the item at March 31st, 2023, together with comparative prior year end amounts:

Description	31/03/2023	31/03/2022	Change	Change %
Other securities	41,650,949	32,325,948	9,325,001	29%
Total	**41,650,949**	**32,325,948**	**9,325,001**	**29%**

The item Other securities (Euro 41,651 thousand as at March 31st, 2023, up by Euro 9,325 thousand compared to the previous year) includes the amounts destined by the Group for non-durable investments, carried out as part of the policy of available liquidity utilization. These include in particular:

- insurance policies and investment fund units primarily including investments in insurance products (totalling Euro 17,000 thousand)
- European and US bonds (amounting to Euro 19,114 thousand); and
- units of funds with investments in collateralized promissory notes and units in alternative multi-compartment investment funds aimed at asset management (for a total of Euro 5,537 thousand).

These instruments, mainly purchased during the previous year, resulted in costs amounting to Euro 640 thousand in connection with the recognition at the lower of specific cost and current value. On the contrary, in compliance with the prudence principle, potential capital gains were not recorded. It should be pointed out that, for the portion relating to securities denominated in USD (for a countervalue of Euro 4,828), the investment is subject to exchange rate risk since it was not deemed necessary to activate specific hedging instruments.

Cash and cash equivalents

Set out below are details of the item at March 31st, 2023 together with comparative prior year end amounts:

Description	31/03/2023	31/03/2022	Change	Change %
Bank and postal deposits	25,190,797	32,610,164	(7,419,367)	-23%
Cash on hand	10,750	6,249	4,501	72%
Total	**25,201,547**	**32,616,413**	**(7,414,866)**	**-23%**

This item principally comprises the balance on bank current accounts at March 31st, 2023.

The decreasing trend in the item should be read in conjunction with the change that occurred in the item related to "Current financial assets," in which the accumulated cash investments of the Group are included. The overall increase (Euro 1,910 thousand) was determined by the significant investments in tangible and intangible fixed assets made during the year (Euro 23,6 million), as well as by the combined effect of repayments of debts to banks and other lenders (totalling Euro 27.6 million) in relation to the contractual provisions of existing contracts, net of new agreements cash-in (Euro 33.3 million), partially off-set by the cash generated from operations (amounting to Euro 24.9 million).

These trends, recorded in a market scenario subject to fluctuations during the year, confirm the Group's strategies aimed at a treasury management oriented to maintaining a high level of liquidity (further strengthened following the liquidity provisioning carried out in the months immediately after march 31st, 2023), with the objective of providing the Group with the availability of resources to support its growth and investment strategies, as well as to ensure the sources of liquidity needed to cope with the possible continuation of irregular trends in the continental economy, taking into account the turbulence related to the inflationary phenomena currently underway (and the related effect on capital market conditions) as well as the market issues in terms of the availability and price of productive resources (also in the uncertainty of the prospective maintenance of current energy commodity prices) up to the consequences of the still unresolved continental geo-political instability.

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 Frenotecnica S.r.l. e New Fren S.r.l. and GDS S.a.r.l. led to the increase of cash and cash equivalents amounting to Euro 731 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 1,066 thousand at March 31st, 2023 (compared with previous year Euro 806 thousand) and mainly relate to prepaid insurance, INAIL premiums, maintenance charges and other costs pertaining to subsequent years. The value as at March 31st, 2023 includes the values pertaining to the newly acquired companies in the amount of Euro 148 thousand.

Capitalized 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 capitalized.

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 31/03/2021	Allocation of the prior year result	Other changes – Area variation	Other changes – Cash flow hedge	Result for the year	Balance at 31/03/2022
Quota capital	16,105,263	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	304,737
Revaluation reserve	12,458,518	-	-	-	-	12,458,518
Legal reserve	903,520	473,739	-	-	-	1,377,259
Extraordinary reserve	2,681,395	-	-	-	-	2,681,395
Paid-in for loss coverage	2,882,602	-	-	-	-	2,882,602
Consolidation reserve	19,397	-	-	-	-	19,397
Other reserves	-	-	-	-	-	-
Cash flow hedge reserve	-	-		1,513,582		1,513,582
Retained earnings (accumulated losses)	46,821,884	12,173,987	(2,666)	2	-	58,993,207
Net income (loss) for the year	12,647,726	(12,647,726)	-	-	6,683,945	6,683,945
Total equity attributable to the Group	**94,825,042**	**-**	**(2,666)**	**1,513,584**	**6,683,945**	**103,019,905**
Equity attributable to minority interest	3,334	-	(3,334)	-	-	-
Total equity	**94,828,376**	**-**	**(6,000)**	**1,513,584**	**6,683,945**	**103,019,905**

The changes in equity during the year ended March 31st, 2023 are analysed in the following table:

Description	Balance at 31/03/2022	Allocation of the prior year result	Other changes – Area variation	Other changes – Cash flow hedge	Other changes – Currency translation	Result for the year	Balance at 31/03/2023
Quota capital	16,105,263	-	-	-	-	-	16,105,263
Share premium reserve	304,737	-	-	-	-	-	304,737
Revaluation reserve	12,458,518	-	156,600	-	-	-	12,615,118
Legal reserve	1,377,259	68,190	-	-	-	-	1,445,449
Extraordinary reserve	2,681,395	-	-	-	-	-	2,681,395
Paid-in for loss coverage	2,882,602	-	-	-	-	-	2,882,602
Currency translation reserve	-	-	-	-	357	-	357
Consolidation reserve	19,397	-	-	-	-	-	19,397
Other reserves	-	-	-	-	-	-	-
Cash flow hedge reserve	1,513,582	-	-	1,254,008	-	-	2,767,590
Retained earnings (accumulated losses)	58,993,207	6,615,755	(156,600)	-	(2)	-	65,452,360
Net income (loss) for the year	6,683,945	(6,683,945)	-	-	-	7,960,749	7,960,749
Total equity attributable to the Group	**103,019,905**	**-**	**-**	**1,254,008**	**355**	**7,960,749**	**112,235,017**
Equity attributable to minority interest	-	-	-	-	-	-	-
Total equity	**103,019,905**	**-**	**-**	**1,254,008**	**355**	**7,960,749**	**112,235,017**

With reference to other changes in quota holders' equity, the following should be noted:

- the effect related to the change in the scope of consolidation, concerning the reinstatement, at the consolidated level, of the revaluation reserves of the acquired companies, as well as the recognition of the translation reserve inherent to the consolidation of GDS S.a.r.l.;
- the increase in the "Cash flow hedge reserve", which includes the amount - recorded net of the related tax effect - of the effective portion of the changes in fair value recorded in outstanding derivative contracts entered into for the purpose of hedging cash flows associated with highly probable planned transactions; in accordance with applicable standards, the Group, at the time of recognition of the asset or liability related to the highly probable transaction, reverses, from the reserve, the corresponding amount of derivative instrument effective portion, including it directly in the book value of the asset or liability, with the effect of adjusting, in the income statement, the income/cost of the underlying transaction.

The effects of the changes occurred during the year in the Cash flow hedge reserve are detailed below:

	Interest rate swap	*Commodity swap*	Total
Cash flow hedge reserve - Gross value as of March 31st, 2022	**135.263**	**1.956.702**	**2.091.965**
Deferred taxes	(32.463)	(545.920)	(578.383)
Cash flow hedge reserve - Net value as of March 31st, 2022	**102.800**	**1.410.782**	**1.513.582**
Change in fair value (effective component) of derivative instruments, net of reversals to the income statement for realization of underlying transactions	88.309	1.646.176	1.734.485
Cash flow hedge reserve - Gross value as of March 31st, 2023	**223.572**	**3.602.878**	**3.826.450**
Deferred taxes	(53.657)	(1.005.203)	(1.058.860)
Cash flow hedge reserve - Net value as of March 31st, 2023	**169.915**	**2.597.675**	**2.767.590**

It should be noted that the reserve for expected cash flow hedging transactions includes the value of contracts in place at the balance sheet date (recorded under financial fixed assets and/or risk provisions in relation to the positive or negative value of the instruments), as well as the value associated with certain instruments that were realised in advance during the year, the effects of which were applied in the equity reserve, in light of the continuity of the underlying risk hedging strategy, to be realized - over the original term of the underlying derivative contracts - through the use of cash flows obtained from the settlement of such instruments.

The following table gives a reconciliation between parent company's equity and result and the Group's equity and result:

Description	Equity - current year	Result - current year	Equity - prior year	Result - prior year
Equity and results in the Parent Company's financial statements	**51,059,546**	**16,068,249**	**47,497,622**	**1,363,803**
Contribution from consolidated companies	116,715,937	7,350,924	105,429,811	5,727,946
Elimination of carrying value of equity investments	(62,348,140)	-	(52,349,281)	-
Consolidation adjustments:				
Recognition of difference on consolidation	5,147,056	(971,149)	1,352,239	(489,168)
Distribution of dividends	-	(15,000,000)	-	-
Effect of accounting for leases under IAS 17	1,044,174	374,021	611,774	52,071
Elimination of intercompany profits	(491,178)	26,767	(517,945)	(73,601)
Accounting for intercompany leasehold improvements	1,107,622	111,937	995,685	102,894
TOTAL	*61,175,471*	*5,320,142*	*55,522,283*	*5,320,142*
Equity and net income (loss) attributable to the Group	**112,235,017**	**6,683,945**	**103,019,905**	**6,683,945**
Equity and net income (loss) attributable to minority interest	**-**	**-**	**-**	**-**
Equity and result in the consolidated financial statements	**112,235,017**	**6,683,945**	**103,019,905**	**6,683,945**

Provisions for risks and charges

The changes during the year are analysed in the following table:

Description	31/03/2022	Consolidation area variation	Increases	Decreases	31/03/2023	Change	Change %
Provision for pensions and similar commitments	-	-	-	-	-	-	-
Provision for current and deferred taxation	2,918,883	-	278,011	(1,253,424)	1,943,470	(975,413)	-33%
Derivative financial instruments	5,703	-	943,552	(5,703)	943,552	937,849	16445%
Other provisions for risks and charges	3,265,030	48,216	27,559	(45,716)	3,295,089	30,059	1%
Total	**6,189,616**	**48,216**	**1,249,122**	**(1,304,843)**	**6,182,111**	**(7,505)**	**0%**

The Provisions for risks and charges at March 31st, 2023 include:

- Deferred tax liabilities (Euro 1,943 thousand at March 31st, 2023, down by Euro 975 thousand compared with the previous year): this caption principally comprises the deferred taxes recognized 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 neutralize 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 938 thousand at March 31st, 2023, compared with Euro 6 thousand the previous year): in accordance with OIC 32, this item includes the negative fair value of certain derivatives contracts (Commodity swaps) arranged by the Group to hedge the risk of fluctuations in certain commodities costs;
- Other provisions for risks and charges (Euro 3,295 thousand as at March 31st, 2023, up by Euro 30 thousand compared to the previous financial year, including the Euro 68 thousand 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.

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	31/03/2022	Provision	Utilizations	Other changes	31/03/2023
Provision for employee termination indemnities	3,010,523	614,623	606,380	(367,804)	3,863,722
Total	**3,010,523**	**614,623**	**606,380**	**(367,804)**	**3,863,722**

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 Frenotecnica S.r.l. e New Fren S.r.l. and GDS S.a.r.l. in the Group.

Payables

Set out below are details of payables at March 31st, 2023, together with prior year end comparatives:

Description	31/03/2023 within 1 year	31/03/2023 beyond 1 year	31/03/2023 Total	31/03/2022 Total	Change	Change %
Due to banks	19,590,333	28,326,403	47,916,736	39,087,413	8,829,323	23%
Due to other lenders	1,007,484	35,328	1,042,812	1,291,993	(249,181)	-19%
Advances	352,728	-	352,728	511,289	(158,561)	-31%
Trade payables	70,081,228	-	70,081,228	62,923,620	7,157,608	11%
Payables due to parent companies	42,935	-	42,935	73,735	(30,800)	-42%
Payables due to fellow subsidiaries	2,785,051	-	2,785,051	4,871,921	(2,086,870)	-43%
Tax payables	2,309,513	-	2,309,513	1,543,494	766,019	50%
Due to pension and social security institutions	3,227,237	-	3,227,237	2,837,012	390,225	14%
Other payables	10,584,449	-	10,584,449	9,866,168	718,281	7%
Total	**109,980,958**	**28,361,731**	**138,342,689**	**123,006,645**	**15,336,044**	**12%**

Amounts due to banks include both the short-term portion (amounting to Euro 19,406 thousand) and the portion beyond 12 months (amounting to Euro 28,326 thousand) of amounts due to primary credit institutions, relating to the balance of liabilities linked to current medium/long-term loan agreements. It should be noted that the change in the consolidation area led to an increase in the balance of amounts due to banks of Euro 58 thousand.

During the year, the Group signed 4 unsecured loan agreements for a total nominal amount of Euro 33.3 million, in April, June and July 2022, signed with UniCredit, Intesa San Paolo, BPER, BNL and Cassa di Trento, with a duration of 4 financial years.

The following is a breakdown of medium-term loans outstanding at March 31st, 2023:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2023	Within one year	Beyond one year
Mediocredito	10,000,000	26/10/2018 - 5	1,000,000	1,000,000	-
Banca Nazionale del Lavoro	5,000,000	07/12/2018 - 5	1,000,000	1,000,000	-
Cariparma - Credit Agricole	3,000,000	20/02/2019 - 5	612,170	612,170	-
CREDEM	5,000,000	10/12/2019 - 4	945,124	945,124	-
Intesa San Paolo	10,000,000	29/01/2020 - 4	2,500,000	2,500,000	-
Banca Nazionale del Lavoro	5,000,000	01/04/2020 - 5	2,250,000	1,000,000	1,250,000
Gruppo Banco Popolare	10,000,000	30/04/2020 - 5	4,267,005	2,117,674	2,149,331
MCC - Fondo crescita sostenibile	3,006,099	29/04/2020 - 8	2,156,547	380,859	1,775,688
UniCredit	5,000,000	21/01/2021 - 5	3,000,060	1,000,000	2,000,060
UniCredit	10,000,000	11/04/2022 - 4	8,125,000	2,500,000	5,625,000
Intesa San Paolo	10,000,000	27/04/2022 - 4	7,708,333	2,500,000	5,208,333
BPER	5,000,000	23/06/2022 - 4	4,073,886	1,242,947	2,830,939
Banca Nazionale del Lavoro	7,000,000	27/07/2022 - 4	6,300,000	1,400,000	4,900,000
UniCredit	1,000,000	19/04/2019 - 4	63,901	63,901	-
UniCredit (MCC)	3,000,000	07/05/2021 - 5	1,950,324	599,971	1,350,353
UniCredit	30,000	08/03/2021 - 6	29,378	7,473	21,905
Banca Alba	56,000	27/02/2019 - 5	11,165	11,165	-
Cassa di Trento	1,000,000	08/03/2021 - 6	841,836	250,261	591,575
Intesa San Paolo	400,000	07/08/2017 - 7	128,395	59,258	69,137
UniCredit	350,000	31/08/2020 - 6	271,520	79,378	192,142
UniCredit	500,000	30/09/2020 - 6	231,308	66,316	164,992
Intesa San Paolo	400,000	07/10/2020 - 6	280,000	80,000	200,000
Total nominal value	**94,742,099**		**47,745,952**	**19,416,497**	**28,329,455**
Amortized cost effect			(12,964)	(9,912)	(3,052)
Total	**94,742,099**		**47,732,988**	**19,406,585**	**28,326,403**

On-going contracts are regulated on the basis of the quarterly and/or six-monthly EURIBOR rate, with application of spreads varying between 0.002%, for the most recent contracts (in particular for a contract stipulated with the release of the guarantee by Medio Credito Centrale pursuant to Legislative Decree no, 23 dated April 8th, 2020), and 2.55% for the pre-existing contract of newly acquired companies, in consideration of the market conditions at the time of signing and the duration of the loan, It should be noted that, as at March 31st, 2023, the portion of payables with a maturity longer than 5 financial years amounts to Euro 221 thousand.

The amounts due to other lenders include payables to lenders acquired in the context of the change in the scope of consolidation (Euro 500 thousand towards SACE/Simest), in addition to payables to leasing companies (Euro 542 thousand as of 31/03/2023 - including the change in the scope of consolidation whose effect amounted to Euro 133 thousand – with a reduction of Euro 749 thousand compared to the previous year). During the year, the value of payables due to other lenders decreased due to the repayment of contractually agreed instalments, as well as the redemption of assets falling due.

The outstanding liability to other lenders at Marche 31st, 2023 comprises:

- Euro 559 thousand due within 12 months;
- Euro 483 thousand due within 5 years; and
- no liabilities due beyond 5 years,

The amount of trade payables, equal to Euro 70,081 thousand as of March 31st, 2023, increased by Euro 7,158 thousand (of which Euro 1,166 connected to the consolidation perimeter variation) compared to the previous financial year, in accordance with the trend of the Group's activities and procurement strategy, particularly in consideration of the market trend in the last months of the year under review, which marked an increase in business volumes, as well as with the portion of payables related to investments in progress (about Euro 7.5 million, up by about Euro 3.9 million compared to the balance at 31/03/2022), in the context of the Group's production capacity increase projects.

Payables due to parent companies (Euro 43 thousand at March 31st, 2023) refer to commercial transactions with the parent company Endurance Technologies Limited.

Payables to fellow subsidiaries (Euro 2,785 thousand at 31/03/2023, down by Euro 2,087 thousand compared to the previous financial year) refer to transactions with the foreign subsidiary Endurance GmbH and include the amount connected to the centralized treasury management (cash pooling) activity operated by Endurance Overseas S.r.l.. With reference to this item, please note that, during the current year, the Group fully repaid the loan (for Euro 3,000 thousand) granted in previous years by Endurance Gmbh.

With reference to tax payables (Euro 2,310 thousand at March 31st, 2023, up by Euro 766 thousand compared to the previous financial year), note that the increase in the item is mainly determined by the accrual of tax liabilities for the period (particularly for higher withholding taxes on income from employees and self-employed persons) and the effect of the change in the scope of consolidation (in the amount of Euro 82 thousand).

The increase recorded under payables to social security institutions (moving from Euro 2,837 thousand to Euro 3,227 thousand during the 2022/2023 financial year) is attributable to the change in the consolidation area for Euro 55 thousand.

Other payables (Euro 10,584 thousand, up by Euro 718 thousand compared to the previous year, of which Euro 129 thousand related to the consolidation perimeter variation) mainly consists of payables to employees (Euro 8,716 thousand) for salaries and payroll accruals to be paid and advances received from customers (for Euro 1,296 thousand).

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, 2023 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 4,466 thousand at March 31st, 2023 (up from Euro 1,264 thousand at the end of the prior year, including Euro 259 pertaining to consolidation perimeter change) and include, among others the deferral of grants pertaining to future years, referring (for Euro 2,079 thousand) to grant related to the purchase of new capital goods made pursuant to Article 1, paragraphs 184-197, of Law 160/2019, grant connected to R&D costs and other grants (such as so called "Ecobonus"), to be accounted for on the basis of the depreciation of the underlying assets and (for Euro 551 thousand Euro) to portions of grant received in advance in the context of research projects financed, to be linked to future planned expenses.

Explanatory notes - Consolidated income Statement

Value of production

The value of production during 2022/2023 is analysed below on a comparative basis:

Description	Year 2022/2023	Year 2021/2022	Change	Change %
Revenues from sales of goods and services	197,028,119	168,991,363	28,036,756	17%
Changes in inventories of work in progress, semi-finished and finished products	(661,580)	4,265,054	(4,926,634)	-116%
Increases in fixed assets for internal production	1,222,033	1,952,794	(730,761)	-37%
Other revenues	9,926,869	5,900,275	4,026,594	68%
Total	**207,515,441**	**181,109,486**	**26,405,955**	**15%**

Sales revenues for the year (which also include income from the sale to customers of specific tools used in production, where contemplated by existing contractual agreements) increased by 17% over the previous year (including the contribution effect of the newly-acquired companies for about Euro 5 million), and showed an increase over the previous year, consistent with the trend of the reference markets, which, during the year under review, showed a recovery compared to the 2021/2022 financial year, which had still been strongly impacted by the slowdown of the post-pandemic recovery.

The growing trend was recorded in a context, which was in any case characterized by high inflationary pressures, as well as the challenges experienced in certain supply chains (both in terms of availability and pressure on raw material and component prices), and only partially recovered the effects of the pressure on the industrial sector of the trend in energy commodity costs.

Lastly, even if with only indirect effects on the Group's operating scenario, the effects of the geo-political turmoil in Europe as a consequence of the Russian-Ukrainian conflict are still present in the market.

This trend was also partially supported by the effect of an increase in the value of the Group's main raw material (secondary aluminium alloys), whose price variations are, based on the main commercial agreements in place, subject to recognition by end customers.

The increase in sales recorded involved all of the Group's main customers, whose revenues were mainly distributed towards the Stellantis group (FCA and PSA, for a total of 32% of sales) and Volkswagen/AUDI (29%), followed by CNHI (8%), and the two-wheeler segment (about 8%) of sales).

With regard to the increase in inventories, please refer to the comment on inventories in the balance sheet.

The item increases in fixed assets for internal production mainly refers to the capitalization of development costs related to R&D activities, carried out by Group companies in the context of the development of new products and for the implementation of process improvements and innovations (the costs subject to capitalization mainly concerned the production factors employed, labour costs and depreciation of capital goods used by the companies, also in the context of co-financed research and development projects).

Other revenues include, inter alia:

- income from recoveries from customers of packaging costs, charges and miscellaneous sales, as well as the Parent Company's income for services provided under the Service Agreement in place with the fellow subsidiary Endurance Gmbh, (Euro 1,045 thousand), and with the ultimate Parent company Endurance Technologies Limited (Euro 1,350 thousand);
- the portion pertaining to the financial year (Euro 5,916 thousand) of grants obtained in the financial year and in previous years in relation to the use of photovoltaic plants, those, in the form of tax credits, relating to investments in plant and machinery in previous financial years, pursuant to the Tremonti-ter Law, research and development and innovation expenses, investments in capital goods made pursuant to L. 160/2019, art.1, paragraph 184-197 (regulations replacing the super-amortization and hyper-amortization), as well as those recognized pursuant to the rules provided for in Decree-Law No. 4 of 2022 et seq;
- other revenues of various kinds, including, in particular
  - insurance reimbursements (Euro 317 thousand);
  - grants received in connection with the Group's participation in research and development projects co-financed by regional and ministerial bodies and for Horizon 2020 projects (€379 thousand)
  - refunds of higher excise duties paid in previous years in relation to energy consumption certified as exempted (Euro 238 thousand).

The following table provides details of revenues from sales and services by geographical area:

Geographical area	Year 2022/2023	Weight %	Year 2021/2022	Weight %	Change	Change %
ITALY	109,733,212	56%	97,279,246	58%	12,453,966	13%
GERMANY	38,315,664	19%	32,357,109	19%	5,958,554	18%
HUNGARY	26,098,125	13%	20,487,732	12%	5,610,394	27%
POLAND	7,484,881	4%	5,649,010	3%	1,835,871	32%
ROMANIA	1,616,535	1%	2,810,322	2%	(1,193,787)	-42%
OTHER EU COUNTRIES	7,525,620	4%	6,211,633	4%	1,313,986	21%
NON-EU COUNTRIES	6,254,083	3%	4,196,311	2%	2,057,771	49%
Total	**197,028,119**	**100%**	**168,991,363**	**100%**	**28,036,756**	**17%**

With reference to the breakdown by category of activity, it should be noted that the revenues from sales and services of the Group refer mainly (more than 80%) 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. Secondary activities refer to plastic moulding, destined mainly to the automotive sector (around 8% of consolidated turnover) and the production and sales of components (brake and clutch systems) dedicated to the 'two-wheeler' market (a further 8% of consolidated turnover).

Costs of production

Set out below are details of the trend in operating costs together with prior year comparatives:

Description	Year 2022/2023	Year 2021/2022	Change	Change %
Raw materials, ancillary materials and goods for resale	89,302,976	75,306,169	13,996,807	19%
Services	43,545,867	38,366,536	5,179,331	13%
Lease and rental charges	1,958,750	1,867,007	91,743	5%
Payroll costs				
Wages and salaries	31,103,232	29,715,308	1,387,924	5%
Social contributions	8,329,930	7,587,374	742,556	10%
Employee termination indemnities and pension	1,657,421	1,500,391	157,030	10%
Other payroll costs	711,659	485,322	226,337	47%
Depreciation, amortization and write-downs				
Amortization of intangible assets	3,204,018	2,252,634	951,384	42%
Depreciation of tangible fixed assets	16,824,748	16,649,486	175,262	1%
Write down of receivables included in current assets	-	-	-	-
Write down of receivables included in current assets	210,481	12,043	198,438	1648%
Change in inventories of raw materials	(1,187,549)	(128,542)	(1,059,007)	824%
Other Provisions	-	-	-	-
Other operating expenses	1,893,545	2,033,436	(139,891)	-7%
Total	**197,555,078**	**175,647,164**	**21,907,914**	**12%**

Overall, operating costs for the year increased compared with the previous year (up 12% overall), consistent with the trend in the value of production, but with a comparatively improving impact, for the reasons detailed below, resulting in a growth in the operating margin (difference between value and cost of production), which for the year under review amounted to 4.8%, compared to 3.0%, in the previous year.

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The percentage incidence of the items in question with respect to the value of production - (equal to about 63%) read together with the change in raw material inventories - shows a more than proportional increase compared to the trend of the value of production due to the strong growth in the cost of the material component of energy factors and due to higher purchase costs following the price increases recognized to suppliers due to inflationary phenomena only partially offset by cost efficiencies due to less recourse to external processing and the containment of maintenance costs. To mitigate the future negative effects of the high energy price, the Group is implementing several specific investment projects in photovoltaic plants, aimed at increasing the use of renewable energy sources, with the aim to guarantee - starting from the 2023/2024 financial year - a portion of self-generation of requirements. It should be noted that the item was impacted by the change in the scope of consolidation for about Euro 4 million in the period under review.

Lease and rental charges

This item (substantially unchanged from the previous year, taking into account the effect of the change in the scope of consolidation of about Euro 160 thousand) mainly includes costs relating to rentals to third parties of the operating structures of Group companies, and for various operating rentals.

Payroll costs

This caption recorded an overall increase of about 6% compared to the previous year, equal to about Euro 2.5 million (including the change in the scope of consolidation, equal to Euro 1.1 million), with a lower variation compared to the trend of variable costs and sales revenues, in relation to the positive effects on revenues for the payments from customers to compensate for the high energy price and the efficient use of production resources implemented by the Group, also considering the context characterized by production trends less impacted by the distorting effects recorded in the previous year.

The item includes the whole expense for employees, including the effects of bonuses, promotion, the cost of unused vacations and provisions pursuant to the law and collective labour agreements, as well as the charges deriving from the retention plan defined in favour of the company's management, which is conditional on the economic/financial results achieved in Europe and on the employee remaining with the company until a predefined minimum deadline, The figure also includes the cost of temporary staff, with the exception of the portion relating to the service provided by temporary employment agencies (which is included into item B7).

The cost of personnel dedicated to research and development activities, for the portion that was capitalized during the year, amounted to Euro 1.2 million, including the activities carried out in the context of on-going process and product innovation projects, as well as those carried out in the context of specific R&D initiatives, partially contributed at the national and international level.

Depreciation and amortisation

Depreciation and amortisation of tangible and intangible assets are calculated on the basis of the technical useful life of the asset and its utilisation in the production phase. During the year, the group recorded depreciation and amortisation for a total value of Euro 20,028 thousand, an increase (about Euro 1.1 million, including the change in the scope of consolidation of about Euro 0.1 million) compared to the value of the previous year: this trend was impacted by the effect of the investments made by the group in recent years in connection with the initiatives, already described, mainly related to the increase in production capacity, consistent with the awarding of the most recent new projects.

Other operating expenses

This item, which includes, inter alia, penalties charged by customers, local taxes and, in general, non-recurring costs that do not belong to the core business, showed a decrease compared to the previous year, particularly due to the lower impact of quality linked costs as compared to the financial year 2021/2022.

Financial income and charges

Financial income and charges recorded in the year ended March 31st, 2023, are analysed on a comparative basis in the following table:

Description	Year 2022/2023	Year 2021/2022	Change	Change %
Financial income	711,053	325,801	385,252	118%
Financial charges	(1,334,080)	(542,802)	(791,278)	146%
Exchange gains and losses	143	(7,795)	7,938	-102%
Total	**(622,884)**	**(224,796)**	**(398,088)**	**177%**

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 1,334 thousand in the year, with a significant increase over the previous year, as was also the case for income) mainly include interest expenses related to medium-term financing agreements in place during the year and those related to the management of short-term financing transactions (such as, for example, invoice advances, flow advances, factoring and/or cash management transactions).

The increase recorded during the year in both financial income and financial expenses is mainly related to the rising interest rate trend during the year, which impacted both asset and liability items, as well as the positive effect of the sale of certain financial instruments held in the context of liquidity management policies.

Foreign exchange gains and losses (immaterial net income less than Euro 1 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 negative net balance of Euro 640 thousand, down as compared to previous year when a Euro 115 thousand positive net effect was recorded) 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 (where lower). It should also be noted that, in accordance with the principle of prudence, unrealised gains are not expressed for instruments with market prices exceeding the carrying amount. Please also refer to the previous section on Current financial assets.

Current and deferred taxation

The Group has accrued for taxation for the year based on the basis of applicable tax legislation.

Taxes pertaining to the 2022/2023 financial year, represented by a net charge of Euro 737 thousand (compared to a net income of Euro 1,332 thousand in the previous financial year) include:

- current taxes pertaining to the period, amounting to a net charge of Euro 907 thousand (including the effects related to tax income from previous years and charges arising from the application of the tax consolidation regime), up compared to the 2021/2022 financial year, which had recorded a net charge of Euro 805 thousand; and
- deferred/prepaid taxes (net income of Euro 170 thousand, compared to Euro 2,137 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 increase in the tax impact recorded in the year compared to the previous year is mainly attributable to the effect of the increase in taxable income accrued for the year in connection with the lower effect (compared to the previous year) of accrual of the benefits related to the hyper-amortisation regulations, for technologically advanced investments made in previous years, and placing a cap on the recognition of deferred tax assets.

The following table shows details of the amounts described:

	Year 2022/2023	Year 2021/2022
Income taxes	**736,767**	**(1,331,641)**
Current taxation		
of which: IRES for the year (current)	46,147	21,099
of which: IRAP for the year (current)	838,262	775,667
of which: Taxation relating to prior years	22,585	8,186
Deferred taxation	(170,267)	(2,136,593)

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 reversed.

Participation to the tax consolidation regime

As required by the OIC interpretative document on accounting standard 25, information is provided below regarding adherence to the tax consolidation regime in force within the Group.

In compliance with current legislation, the domestic tax group was renewed in the prior year (until the end of the tax year under review) by the signature of an agreement governing the tax relationships between Endurance Overseas S.r.l. – as the consolidating company – and Endurance S.p.A., Endurance Engineering S.r.l. Endurance Castings S,p,A, and Endurance Adler S.p.A. On the other side, Veicoli S.r.l., Frenotecnica S.r.l. and New Fren S.r.l. (more recently acquired) were not part of the consolidated tax agreement.

The relationship between the parties refers, in particular, to 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 2022/2023	Year 2021/2022
Managers	20	21
White collar	135	129
Blue collar	447	452
Total	**602**	**602**

Group companies employ 636 people at March 31st, 2023 (including the increase connected to the consolidation area modification, amounting to 60 resources).

Remuneration of the Directors and the Board of Statutory Auditors

The fees earned during the year by the directors of Group companies totalled Euro 243 thousand, while the fees of the Boards of Statutory Auditors of the various Group companies amounted to Euro 135 thousand in the 2022/2023 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 116 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 13 thousand for additional services provided by the independent auditors, relating to the verification and certification of tax returns and other attestations.

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 31/03/2023	Original notional value	Notional at 31/03/2023	Fair value at 31/03/2023	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2022	Fair value at 31/03/2022
Interest rate Swap	5	26,500	13,894	214	8	37,500	16,709	135
Interest rate CAP	1	5,000	3,000	9	-	-	-	-
Commodity Swap	1	3,204	3,204	(944)	2	5,068	4,770	1,957
Total	**7**	**34,704**	**20,099**	**(720)**	**10**	**42,568**	**21,479**	**2,092**

Information about significant events arising subsequent to the reporting date

With reference to point 22-quater of Article 2427 of the Civil Code, there are no other significant events after the end of the financial year that have had a significant impact on the Group's financial, equity and economic performance.

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

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

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

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

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

The Parent Company (as well as all companies belonging to the Group) is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at E-92, MIDC Industrial Area, Waluj, Aurangabad, Maharashtra, India, which, indirectly, wholly owns the Parent Company,

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees, For the sake of clarity, the Rupee/Euro exchange rate at 31st, March 2022 was 84.134 (86.099 at 31 March 2021) - (source European Central Bank):

Balance sheet	Financial statements at 31/03/2022	Financial statements at 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Activities held for sale	-	-
Total Assets	**37,393.40**	**34,376.47**
Liabilities and equity		
Equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and equity	**37,393.40**	**34,376.47**

Income Statement	Financial statements at 31/03/2022	Financial statements at 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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

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To the Quota holders,

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), 12/05/2023

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, 2023, 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, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Overseas S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the consolidated financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of 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 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 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 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, 2023, 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 consolidated financial statements of the Group as at March 31, 2023 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 Group as at March 31, 2023 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
June 5, 2023

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

ENDURANCE 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. TO 518048
Share capital: € 5,000,000.00 subscribed and fully paid
VAT Number: 01782370017
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements at 31/03/2023

Shareholders,
The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2023; this document provides information on the Company's situation and performance in compliance with art. 2428 of the Italian Civil Code. 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

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

The economic picture for the period 2022/2023 has been strongly conditioned by the geopolitical tensions deriving from the conflict between Russia and Ukraine. The introduction of more and more sanctions to stop the war led to a progressive reduction in energy supplies (gas, in particular) and other raw materials from Russia, causing a surge in prices due to the difficulties in quickly organising alternative sources of supply (due to typical structural constraints) and worries about not achieving adequate levels of storage. On European markets, the prices of gas and electricity (generated for a significant portion by gas-fired thermoelectric plants, also due to the lower contribution of generation from nuclear plants following the decommissioning of plants in Germany and suspension of the service for maintenance work in France) reached prices 10-14 times higher than historical averages for the summer months, with price increases starting as early as 2021.

The sudden hike in commodity prices rekindled inflationary pressures by inducing central banks to raise interest rates, abandoning the monetary stimulus measures applied up to now with their policy of zero or negative interest rates (in some countries).

These events have had repercussions on the economic performance of European countries, largely invalidating the post-Covid-19 recovery. The data released by the International Monetary Fund (IMF) say that growth in the world economy in 2022 was +3.4%, with the USA at +2.1%, China +3.0% and India +6.8%. Despite these difficulties, the European economy also managed to turn in a 3.5% increase in GDP (including Germany +1.8%, France +2.6% and Italy +3.7%) mainly thanks to the positive trend in the first part of the year.

With regard to the automotive sector, in the calendar year 2022, according to the figures published by ACEA (European Automobile Manufacturers' Association), new vehicle registrations in the world were the same as the previous year (66.2 million vehicles in 2022, as in 2021). Registrations fell by 4.6% in the European Union (9.255 million compared with 9.7 million in 2021) and by -9.2% in the USA, offset by the positive trend in China (+7.6% with 21.7 million compared with 20.2 million) and India (+23.1% but with a total market of only 3.8 million vehicles). In the European Union, battery electric vehicles (BEVs) achieved a market share of 12.1%, plug-in hybrids (PHEVs) 9.4% and HEV hybrids (including mild hybrids) 22.6%. Conversely, traditional internal combustion vehicles fell to a market share of 52.8% (of which petrol 36.4% and diesel 16.4%).

Registrations in the European Union for the same period as the financial year (April '22 - March '23) increased by 2.9%, highlighting a positive figure especially in the last quarter (from January to March 2023), which saw growth by almost 18% compared with the equivalent period of the previous year. So the trend is still positive, given the general difficulties of the period, but almost 24% away from pre-pandemic volumes (2018/2019).

The VW group, the main manufacturer with a share of almost a third of the EU market, achieved growth in registrations of +4.3%, Mercedes of +6.5% and Renault of +3.6%, while Stellantis fell by -5.2%, BMW by -0.6%.
According to the results of S&P Global Mobility released by ACEA, world car production has increased by 7.9% with growth in the European Union (+7.1% to 10.7 million vehicles), USA (+11.7%, to 7.1 million vehicles), China (+11.7% to 23.2 million vehicles) and India (+21.6% to 4.3 million vehicles). Germany is again the leading car producer with 3.3 million vehicles, almost 31% of output in the European Union.

Due to the turbulence in the European energy market, compared with the historical cost of energy (up to 2020), electricity prices increased by 250% in 2022 and by a further 63% in 2023 compared with 2022 (for a combined effect of +460%), while gas prices increased by 300% in 2022 and by a further +70% in 2023 compared with 2022 (for a combined effect of +600%). This conditioned company performances given that the prompt action taken and external support made it possible to contain further negative effects of last year's energy rise, but not a complete recovery of the effects suffered during the previous period, which continued to have an impact on company results. Nonetheless, it was possible to achieve a positive economic result overall, which was an improvement on the previous year.

Key events

The commercial activity carried on in FY 2022-2023 was particularly positive, acquiring new and important orders that will generate approximately € 50 million in annual turnover when fully operational. These new orders mainly concern components for VW and Stellantis and refer to traditional, hybrid and, above all, pure electric applications which will go into production from FY 2023-24 onwards.

In order to rationalise and reorganise the group, the parent company Endurance Overseas S.r.l. decided on a partial demerger in favour of Endurance S.p.A., with a deed drawn up by Notary Roberto De Leo in Chivasso, rep. 171.022 /41.727, as a result of which the factory buildings were transferred to our Company.

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 under the influence of the company that performs management and coordination activities for which we need to give the reasons and the interests that had an impact on them

Financial position

For a better understanding of the Company's financial situation, a reclassified balance sheet is provided below (which includes a number of reclassifications to facilitate comparison with the previous year on a like-for-like basis).

Balance Sheet - Assets

Item	31/03/2023	%	31/03/2022	%	Change	% Change
WORKING CAPITAL	**103,896,524**	**51.25%**	**93,692,870**	**53.36%**	**10,203,654**	**10.89%**
Immediate liquidity	**14,216,969**	**7.01%**	**12,049,363**	**6.86%**	**2,167,606**	**17.99%**
Cash and cash equivalents	14,216,969	7.01%	12,049,363	6.86%	2,167,606	17.99%
Deferred liquidity	**69,516,382**	**34.29%**	**58,929,320**	**33.56%**	**10,587,062**	**17.97%**
Current receivables included in working capital	25,619,967	12.64%	15,492,127	8.82%	10,127,840	65.37%
Financial assets	43,358,185	21.39%	42,935,842	24.45%	422,343	0.98%
Accrued income and prepaid expenses	538,230	0.27%	501,351	0.29%	36,879	7.36%
Inventories	**20,163,173**	**9.95%**	**22,714,187**	**12.94%**	**(2,551,014)**	**(11.23%)**
FIXED ASSETS	**98,829,502**	**48.75%**	**81,879,695**	**46.64%**	**16,949,807**	**20.70%**
Intangible assets	2,902,686	1.43%	2,544,671	1.45%	358,015	14.07%
Tangible fixed assets	88,754,359	43.78%	68,409,499	38.96%	20,344,860	29.74%
Long-term financial assets	3,223,666	1.59%	5,050,710	2.88%	(1,827,044)	(36.17%)
Non-current portion of receivables included in working capital	3,948,791	1.95%	5,874,815	3.35%	(1,926,024)	(32.78%)
CAPITAL EMPLOYED	**202,726,026**	**100.00%**	**175,572,565**	**100.00%**	**27,153,461**	**15.47%**

Balance Sheet - Liabilities and Equity

Item	31/03/2023	%	31/03/2022	%	Change	% Change
MINORITY INTEREST	**115,438,333**	**56.94%**	**94,129,712**	**53.61%**	**21,308,621**	**22.64%**
Current liabilities	**83,283,754**	**41.08%**	**71,329,486**	**40.63%**	**11,954,268**	**16.76%**
Current payables	82,372,674	40.63%	70,726,171	40.28%	11,646,503	16.47%
Accrued expenses and deferred income	911,080	0.45%	603,315	0.34%	307,765	51.01%
Non-current liabilities	**32,154,579**	**15.86%**	**22,800,226**	**12.99%**	**9,354,353**	**41.03%**
Non-current payables	25,736,299	12.70%	17,420,291	9.92%	8,316,008	47.74%
Accrued expenses and deferred income - non-current	1,537,470	0.76%	1,680,934	0.96%	(143,464)	(8.53%)
Provision for risks and charges	2,365,380	1.17%	1,421,828	0.81%	943,552	66.36%
Employee termination indemnities	2,515,430	1.24%	2,277,173	1.30%	238,257	10.46%
EQUITY	**87,287,693**	**43.06%**	**81,442,853**	**46.39%**	**5,844,840**	**7.18%**
Share capital	5,000,000	2.47%	5,000,000	2.85%	-	-
Reserves	54,259,551	26.76%	40,463,779	23.05%	13,795,772	34.09%
Retained earnings (accumulated losses)	23,979,074	11.83%	32,230,956	18.36%	(8,251,882)	(25.60%)
Net income (loss) for the year	4,049,068	2.00%	3,748,118	2.13%	300,950	8.03%
SOURCES OF FINANCE	**202,726,026**	**100.00%**	**175,572,565**	**100.00%**	**27,153,461**	**15.47%**

Key indicators of financial position

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

RATIO	FY 2023	FY 2022	% Change
Fixed asset coverage	92.00%	107.15%	-14.14%
Banks/Working capital	40.93%	30.99%	32.09%
Debt ratio	1.32	1.16	14.01%
Financial debt ratio	0.58	0.42	37.69%
Equity/Capital employed	43.06%	46.39%	-7.18%
Financial charges/Turnover	0.71%	0.23%	207.82%
Current ratio	126.03%	132.44%	-4.84%
Primary coverage ratio	0.95	1.11	-14.41%
Secondary coverage ratio	1.20	1.39	-13.34%
Acid test ratio	102.25%	101.33%	0.91%

Results

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

Income Statement

Item	FY 2022-2023	%	FY 2021-2022	%	Change	% Change
VALUE OF PRODUCTION	**153,130,678**	**100.00%**	**139,086,263**	**100.00%**	**14,044,415**	**10.10%**
- Consumption of raw materials	74,737,120	48.81%	65,974,630	47.43%	8,762,490	13.28%
- Overheads	31,466,756	20.55%	31,051,781	22.33%	414,975	1.34%
VALUE ADDED	**46,926,802**	**30.64%**	**42,059,852**	**30.24%**	**4,866,950**	**11.57%**
- Personnel	25,408,601	16.59%	24,998,535	17.97%	410,066	1.64%
- Provisions	-	-	-	-	-	-
GROSS OPERATING PROFIT	**21,518,201**	**14.05%**	**17,061,317**	**12.27%**	**4,456,884**	**26.12%**
- Depreciation, amortisation and write-downs	15,042,907	9.82%	13,829,899	9.94%	1,213,008	8.77%
- Other operating costs	1,339,432	0.87%	1,353,833	0.97%	(14,401)	(1.06%)
PROFIT BEFORE FINANCIAL ITEMS (EBIT)	**5,135,862**	**3.35%**	**1,877,585**	**1.35%**	**3,258,277**	**173.54%**
+ Financial income (expense)	(790,699)	(0.52%)	17,481	0.01%	(808,180)	(4623.19%)
INCOME BEFORE TAXES	**4,345,163**	**2.84%**	**1,895,066**	**1.36%**	**2,450,097**	**129.29%**
- Income taxes for the year	296,095	0.19%	(1,853,052)	(1.33%)	2,149,147	(115.98%)
NET INCOME (LOSS) FOR THE YEAR	**4,049,068**	**2.64%**	**3,748,118**	**2.69%**	**300,950**	**8.03%**
EBITDA	**20,178,769**	**13.18%**	**15,707,484**	**11.29%**	**4,471,285**	**28.47%**

Key performance indicators

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

RATIO	FY 2023	FY 2022	% Change
R.O.E.	4.64%	4.60%	0.30%
R.O.I.	2.53%	1.07%	30.50%
R.O.S.	3.30%	1.39%	29.52%
R.O.A.	6.97%	3.28%	21.40%

Information required by art. 2428 of the Italian 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, the inflation trend and their effects on the level of confidence shown by consumers and businesses can condition the sales performance of end customers and hence that of the Company.
There are also further elements of uncertainty linked to geopolitical tensions, due in particular to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. The persistence of international sanctions has also continued to fuel uncertainties about the trend in prices for energy commodities (which settled at levels much higher than the historical reference levels prior to the pandemic and international market crises), raw materials (especially metals) and agricultural produce with repercussions on consumer prices and growth prospects for the Eurozone. These elements of uncertainty could alter normal market dynamics and, more generally, business operating conditions, with the risk of undermining the reliability of the growth forecasts for the Eurozone in the near future.

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 on the purchasing power and buying decisions of end consumers.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

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

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks mainly referring to changes in the value of commodities (energy in particular), interest rates and, to a much 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 commodity prices (energy in particular), interest rates and, to a much lesser extent, exchange rates.

Risks relating to changes in commodity prices
The Company plans market opportunities carefully to minimise the effects of fluctuations in commodity prices (especially energy) in relation to the most recent trends in the market, taking into account the particularly high impacts given the nature of its activities.
To deal with these risks, the Company monitors the market closely, resorting, where possible, to flexible procurement contracts, which allow it to take advantage of any buying opportunities.
When deemed appropriate, the Company uses commodity swaps to hedge and mitigate these types of risks.

Risks relating to changes in interest rates
The Company uses financial resources made available principally in the form of bank debt and invests the funds to finance operations and investment and development initiatives. The Company can also factor its trade receivables. Changes in market interest rates impact the cost of various types of financing and factoring, which in turn affect the level of the Company's financial charges.
To cope with these risks, the Company strives to maintain a suitable relationship between its financing structure and its capital employed, in line with the opportunities on offer and actual market conditions.
For this purpose, the Company has appropriately structured floating-rate loans with medium/long-term repayment terms, in the presence of favourable conditions (with the aim of managing the current unfavourable conditions and strong volatility of interest rates).

Lastly, when considered appropriate, the Company makes use of 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 (the Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to Art. 2428 of the Italian Civil Code, 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 considered meaningful 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.

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 2023.

Employee training sessions covered the following topics:

- specific refresher course in accordance with the State-Regions Agreement of December 2011
- specific refresher course for those who have to monitor workers' compliance with the rules on health and safety at work
- refresher course for first aid and emergency team workers
- refresher course for forklift truck drivers;
- refresher course on the running and maintenance of the degassing plant
- refresher course on the running and maintenance of sandblasting plants
- PES/PAV training for personnel working on electrical systems
- refresher course on RLS training.

The Risk Assessment Document and the Environmental Impacts Register were updated with the identification and analysis of risks and procedures for the management of environmental and worker safety emergencies (including the action to be taken to prevent future incidents).

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

Work on installations and the infrastructure included the following principal actions:

- Lombardore plant (mechanical processing):
  a) updating of horizontal and vertical signage to signal danger zones and installation of safety barriers and guardrails
  b) Installation of lifelines on roofs of buildings.

- Chivasso plant (die-casting and sandblasting):
  a) Installation of an optical signalling device to warn that a forklift truck is approaching
  b) Modification of the heating system in the office building and installation of thermostats to control room heat individually
  c) Installation of lifelines on roofs of buildings.

- Chivasso plant (mechanical processing):
  a) Installation of lifelines on roofs of buildings

It is also worth mentioning that the Company began an important project during the year to equip all its production sites with photovoltaic systems to satisfy a part of its energy needs with directly produced renewable energy. The PV systems currently being installed as of 31/03/2023 at the Lombardore and Chivasso plants (both the die-casting and mechanical processing plants) are expected to come on line this summer 2023.

Information on personnel management

The Company has 399 employees at the end of FY 2022-2023, down by 8 on the previous year. The average headcount during the year was 403 people.

The main training activities during the year ended 31 March 2023 focused on Manufacturing, Technical Services/Engineering 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.

Particular attention and targeted interventions have been envisaged for the certification of skills in relation to "Customer Specific Requirements", in line with the requirements of IATF 16969:23016, the reference standard for the automotive sector.
Training covered the following types of activity and topics (in addition to what already described concerning Environment and Safety):

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;
  - 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 on-the-job training, in the internal management of the conformity variables of processed and semi-finished products, the various control methods and documentation of the quality system;
  - Development of knowledge and skills in the field of metrology (i.e. measurement), with particular attention to the technical details of mechanical drawings of products;
  - Development of specific knowledge and skills in 8D methodology and the tools used in this type of analysis. (Ishikawa diagrammes - Pareto graphs - 5WHY - 5WHY and 2H - SPC - Scatter graphs - FMEA - The Company System - IATF 9499 - IATF 16949 Requirements - Process parameters - 4M - Definition of controls - Statistical process analysis - Monitoring of the process - Non-conformity (cost and flow) - "Logical Thinking" - "San Gen Shugi" - Analysis, Implementation and Transversalisation - Special states of supply - Customer satisfaction)
- Skills certification:
  - External training related to the certification of skills and regulatory requisites provided by customers, in particular:
    - Automotive Core Tools for Process and System Auditors;
    - VDA 6.3 – Qualification of Process Auditors with an exam;
    - CQI 27 – Casting System Assessment;
    - VDA 2 – Approval of the process of production and of the product;
    - Qualification of First and Second Party Auditors in accordance with the IATF 16949:2016 Quality Management System;
- Training for the development of technical and managerial skills
  - CMM – Zeiss programming;
  - VG Studio, software for managing tomographic scans of aluminium castings;
  - Programming and use of Nanofocus software;
  - CMM Programming – Hexagon PC – Dimis;

- GROB Electromechanical Maintenance;
- Qualification of the personnel assigned to non-destructive checks;
- MSA - Measurement System Analysis;
- Training in the use of marking systems for production parts and related programming;
- Development of specific skills for complex technical drawings: analysis, interpretations, applications, rules and symbologies;

Training activities related to the development of soft skills and methodological applications:

- Leadership and Management;
- Effective communication;
- DMS – Daily Management System;

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 3,800 hours with training activities carried out internally, externally and on the job.

Research and development activities

In accordance with point 1) of the third paragraph of art. 2428 of the Italian Civil Code, we certify that with reference to the research and development activities applied to the product and the production process, development costs of approximately € 1.53 million were recorded during the year (and capitalised under intangible assets). They concerned in particular the costs of technical and production support personnel involved during the year in product and process development activities (referring both to the specific projects subject to grants/co-financing as explained, and to the development carried out by the technical departments in relation to new products for the automotive market).

With reference to the various R&D activities mentioned above, the Company has benefited from the tax credits envisaged pursuant to art. 1.70.d) of Law 145/2018 (2019 Budget Law). During the year, the Company recognised income of this nature (in relation to costs incurred during 2021/2022 and certified in the year just ended) totalling € 136 thousand.

In particular, the principal activities carried out by the Company in its main areas of business are summarised below:

Die-casting

Multiple preliminary feasibility studies have been developed, including equipment lay-out, detailed castability analysis, filling and solidification simulations, definition of stock quotas, consolidation of existing methodologies. Dozens of technical reviews have been prepared.
Traceability of casting: tests were carried out in an industrial environment to evaluate the reliability of the laser marking integrated in the die casting cell.
Developed and introduced an integrated database of materials with characteristics of low carbon footprint secondary alloys and new generation primary alloys for die casting (e.g. AlSi7, AlSi9Mn) with related heat treatment processes for the production of EV components (electric motors, electronics and battery compartment).

Design activities carried out in the process and product fields:

- designed, manufactured and sampled complete series of foundry tools (HPDC mould and trimming) to be supplied to the machining department.
  Of particular interest is the platform for the new full-electric application of the OEMs. The component requires production solutions that have never been applied before. For example, creating a large flat and aesthetic surface requires the blank to be as level as possible. Following process simulations and co-engineering activities with the end customer, a ribbed geometry was developed on the largest wall of the component, which allowed us to guarantee the required characteristics.

- New EN47100 alloy: the customer specifications for some recently acquired products required the use of a material (EN47100) recently introduced to the Chivasso plant. Processing and managing this alloy requires particular attention, both in the design phases of the casting mould and in the sampling phase, during which some defects related to the solidity range typical of this high silicon content alloy required the adoption of innovative solutions for the thermo-regulation and lubro-refrigeration of the mould.

Machining

The design and definition of production lines have been achieved thanks to synergies and collaborations with leading companies in the processing and automation sectors, integrating technical solutions for the online control of critical product characteristics (such as innovative vision/scanning systems for product quality management).

Product development activities with strategic customers (VW - AUDI) were completed with the definition of new products (Oil Module, HV-LE Deckel and Lagershield).

Work on creating concept designs for EV platform components was continued: in particular, the activities envisaged as part of the IPCEI 1 batteries project (referred to above) relating to the production and assembly of gaskets for the housings of lithium-ion batteries in various formats (cylindrical, prismatic and pouch-shaped) were completed.

In-depth technical aspects related to innovative technologies for joining dissimilar materials have been completed. In particular, the Friction Stir Welding (FSW) applied to the cooling plates of the batteries and to the containers of the power electronics.

Design activities carried out in the process and product fields:

The production lines were installed, the start-up of production for VW, Iveco and Stellantis parts was completed and the industrialisation of the new VW/AUDI products was launched and completed.

Special projects

The following is an overview of the progress of the special projects developed in the context of larger R&D projects co-financed at national or international level in which the Company is participating:

ICARO Project – Piedmont Region/FInpiemonte.

During the year, the reporting process for the ICARO project - Regional Operational Programme "Regional competitiveness and employment" ERSR 2014/2020 - Action I.1b.1.1 - Call "IR2" Industrialisation of research results, was completed. This activity – which from a technical point of view achieved all of the project's objectives – completed the second level verification procedures, with confirmation that substantially all of the grants payable would be received.

From a content point of view, of particular note is the start of production of high performance ICE valve covers with HPDC process and secondary alloy (replacing the primary alloy/gravity-cast version) with reduced thicknesses and a weight reduction of 35%.

Even after the completion of these activities, comparative analyses of the results of the virtual simulation of the process with the results of the X-rays and CTSCAN continued. In particular, a methodology has been developed for the virtual simulation of the flow of the metal front with its solidification. This methodology is providing useful indications to identify the best casting lay-out in a transversal way on all the current production applications of the foundry.

SALEMA Project - Horizon 2020.

The first stage of the project - which is based on objectives of introducing specific alloys, with technical contents of raw materials functional to the reduction of critical components for supply at European level - ended successfully with the design, in collaboration with the Stellantis Group, of an HPDC demonstrator, the related mould and auxiliary production equipment. The foundry equipment will be used - in the next steps of the project - to evaluate the in-process behaviour of new alloys with a low CRM (Critical Raw Materials) content in an industrial environment.

IPCEI 1 Batteries Project - European Union (through MIMIT)

The first milestone of the project has been reached, defining an innovative concept “NNS - Near Net Shape” of modular housing for secondary batteries, produced in secondary aluminium alloy. The following objectives were achieved:

- A detailed benchmark for the battery compartment has been completed.
- Solutions for battery systems with easy assembly and disassembly have been developed, with the aim of standardisation and reuse. All three of the most common battery cells (round, prismatic and pouch) were considered. Eight innovative compartment concepts (HPDC/extrusion, HPDC/plastic injection moulding and HPDC technologies) have been developed covering the M1 (Tazzari EV) 4-wheeler car category, large battery chassis for cars, trucks and VDA compliant modules.
- The reliability of innovative methods of non-destructive testing (X-ray tomography - CTScan, 3D scanning technologies) was evaluated on a full-scale LG Chem VDA battery module.
- Feasibility studies of modules to be reused in other fields of application were completed. BM-Basic Module HPDC aluminium housing (automotive first life/second life of the power bank) was developed. The concepts of sub-modules with cell accessibility were identified. The production of tools for the BM module was started. 2 variants of LCFP aluminium alloy tailored for the mock-up of battery housings, produced with a fast-cooling vacuum-assisted process to ensure a high solidification rate and compensate for the lower properties due to impurities, were successfully tested. This process is now available in a dedicated production cell at the Endurance foundry in Chivasso.

- Prototypes of the 2-wheeled ALPHA were produced. The quality of the aluminium housings after machining on representative statistical batches of HPDCs was evaluated, providing useful information to optimise the casting process.
- Completed HPDC battery housing co-design activities with end users. 4 CAD models of demo cases were released.
- The SSC (Semi Solid Casting) technology was evaluated, based on which the virtual simulation of the process with respect to the HPDC technology was completed.
- An innovative Modular-C HPDC concept has been identified as competitive/flexible to receive different types of cells (cylindrical, prismatic or pouch). In particular, a cylindrical lithium-ion cell sub-module concept was finalised on a prototype battery housing for 2-wheelers, making it possible to reuse the cells in different fields of application (E-bike, E-scooter and gardening/hobby tools).

EuBatIn Project (IPCEI 2) – European Union (through MIMIT).
The study and design of a "swap" battery module for applications on 2-wheelers has been commenced (co-design together with ATEX). The HP die-casting solution guarantees high functional integration which allows the solution to compete with alternative materials (technopolymers) or semi-products (extrusions). The production of prototypes to support the solutions identified has been commenced.
Technical support was also guaranteed to external foundries for checking and guaranteeing product quality (for example, Teksid Aluminium / Punch transmission housing).

With reference to the co-financed projects described above, the following grants were obtained during the year following verification of the costs:
- ICARO project: after the end of the verification activities, the value of the grants for the project was finalised, with the disbursement of the last tranche of € 225 thousand (obtaining the maximum level of grants of 93.7%);
- Future Manufacturing Project (Sustainable Industry): following the completion of the second level ministerial checks, the last tranches of contributions of € 43 thousand were freed up and disbursed;
- With reference to the SALEMA project, grants amounting to €111 thousand were obtained in relation to the first stage of completion report.

In relation to the IPCEI projects, the first reports of the costs incurred for verification by the responsible bodies were prepared, after which the first tranches of grants will be obtained.

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 c.c., it is confirmed that relations with related parties comprise transactions with the parent company and fellow subsidiaries (together referred to as “affiliates”), as summarised below:

Receivables from affiliates classified as fixed assets

Description	FY 2023	FY 2022	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 long-term financial assets at 31 March 2023 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	FY 2023	FY 2022	Change
from parent companies	4,321,954	4,814,810	492,856-
from fellow subsidiaries	534,614	472,130	62,484
Total	*4,856,568*	*5,286,940*	*430,372-*

Receivables from the parent company (€ 4,321,954) pertain to existing commercial relationships with the parent company Endurance Overseas S.r.l. (€ 127,826) and the balance (€ 4,194,128) receivable from it for the amount paid as an advance for taxes in the context of the tax consolidation pursuant to articles 117 - 129 of the Consolidated Income Tax Act, in excess of the amount of taxes actually due for the period.

Receivables due from fellow subsidiaries comprise trade receivables due from Endurance Castings S.p.A. (€ 105,157), Endurance Engineering S.r.l. (€ 10,047, in addition to advances of € 233,036) from Endurance Adler S.p.A. (€ 144), direct subsidiaries of Endurance Overseas S.r.l. and from Endurance GmbH (€ 186,231), a German subsidiary of the indirect parent company Endurance Technologies Limited.

Payables to and loans from affiliates

Description	FY 2023	FY 2022	Change
due to parent companies	767,872	487,828	280,044
due to fellow subsidiaries	5,760,215	3,245,985	2,514,230
Total	*6,528,087*	*3,733,813*	*2,794,274*

Payables due to parent companies total € 767,872 and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

Payables to fellow subsidiaries (€5,760,215 at 31 March 2023) include trade payables to Endurance Castings S.p.A. (€5,637,134), to Endurance Engineering S.r.l. (€73,081) and to Veicoli S.r.l. (€ 25.620), directly controlled by Endurance Overseas S.r.l.

Treasury shares

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

Shares/quotas in the parent company

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

Business outlook

The last quarter of the calendar year 2022 showed a marked slowdown in GDP in all western economies. For 2023, the International Monetary Fund forecasts world economic growth of 2.8%, which drops to 1.6% for the USA and 0.8% for the Eurozone (including -0.1% for Germany and +0.7% for France and Italy).

The growing weight of the cost of living and higher financial charges is weakening the purchasing power of consumers and the investment possibilities of businesses. It will depend on Central Banks to balance monetary policy tools appropriately and ensure that the sudden increase in rates needed to contain the increase in prices does not turn into a severe recession or "hard landing".

Having reached 11% in the latter part of 2022, there are signs of inflation slowing down in many European countries as energy prices have recently fallen significantly compared with the dramatic peaks of 2022, but they are still much higher than they were pre-2020 (2-3 times).

A return to prior conditions is hard to foresee in the near future, given that geopolitical tensions do not seem destined to ease, also due to the lack of concrete solutions that could bring an end to the war, as everyone hopes. However, it is worth mentioning that the Company does not operate directly on the Russian or Ukrainian markets, so it is not suffering direct consequences from the war, except for the adverse effects on overall market conditions.

For the time being, there is still a general sense of uncertainty which makes it hard to imagine how the various scenarios could affect the fate of the world economy and what the repercussions might be for the automotive sector. Precisely because of this extreme uncertainty, we have to try and anticipate the future by imagining and preparing for a variety of scenarios, trying to be as flexible as possible. If conditions remain sufficiently balanced, expectations are that the Company should achieve a positive result in FY 2023-2024.

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 four IRS contracts and a cap contract for some of these loans. Furthermore, with the aim of mitigating the risk of fluctuations in the price of certain commodities, the Company has signed a commodity swap for a part of its natural gas requirements for use in production. 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 F.LLI BONAUDO 11	CHIVASSO
VIA MORANDI 9	GRUGLIASCO
VIA DEL BOSCHETTO 2/43	LOMBARDORE
VIA F.LLI BONAUDO 11	CHIVASSO
VIA F.LLI BONAUDO 7	CHIVASSO

Conclusion

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

- to approve the financial statements at 31/03/2023 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Chivasso, 12/05/2023

For the Board of Directors
The Managing Director

Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE SPA
Registered office:	VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Share capital:	5,000,000.00
Share capital fully paid in	yes
Chamber of Commerce:	TO
VAT number:	01782370017
Tax code:	01782370017
REA Number :	518048
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO :	256200
Company in liquidation:	no
Company with sole shareholder :	yes
Company subject to management and coordination activities :	yes
Name of the company or entity that exercises management control and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group :	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2023

Balance sheet

	31/03/2023	31/03/2022
Assets		
B) Fixed assets		
I - Intangible assets	-	-
2) Development costs	2,754,074	2,223,272
3) Industrial patents and intellectual property rights	71,999	34,099
7) Other	76,613	287,300
Total intangible assets	*2,902,686*	*2,544,671*

	31/03/2023	31/03/2022
II - Tangible assets	-	-
1) Land and buildings	20,212,661	6,138,486
2) Plant and machinery	52,618,839	56,606,779
3) Industrial and commercial equipment	522,321	577,764
4) Other assets	194,891	261,556
5) Assets under construction and advance payments	15,205,647	4,824,914
Total tangible fixed assets	*88,754,359*	*68,409,499*
III - Long-term financial assets	-	-
1) Equity investments in	-	-
d-bis) other companies	284	284
Total equity investments	*284*	*284*
2) Receivables	-	-
c) from parent companies	3,000,000	3,000,000
due within one year	3,000,000	3,000,000
Total receivables	*3,000,000*	*3,000,000*
4) Derivatives	223,382	2,050,426
Total long-term financial assets	*3,223,666*	*5,050,710*
Total fixed assets (B)	*94,880,711*	*76,004,880*
C) Current assets		
I - Inventories	-	-
1) Raw materials, ancillary materials and consumables	3,225,089	4,990,601
2) Work in process and semi-finished products	9,649,936	10,077,709
4) Finished products and goods	7,244,747	7,629,246
5) Advances	43,401	16,631
Total inventories	*20,163,173*	*22,714,187*
II - Receivables	-	-
1) from customers	16,202,028	7,298,848
due within one year	16,202,028	7,298,848
4) from parent companies	4,321,954	4,814,810
due within one year	4,321,954	4,175,810
due beyond one year	-	639,000
5) from fellow subsidiaries	534,614	472,130
due within one year	534,614	472,130
5-bis) tax receivables	3,967,123	2,848,371
due within one year	3,967,123	2,848,371
5-ter) deferred tax assets	3,948,792	5,235,815
5-quater) from others	594,247	696,968
due within one year	594,247	696,968

	31/03/2023	31/03/2022
Total receivables	*29,568,758*	*21,366,942*
III - Current financial assets	-	-
6) other securities	26,000,568	27,905,986
treasury management assets	17,357,617	15,029,856
Total current financial assets	*43,358,185*	*42,935,842*
IV - Cash and cash equivalents	-	-
1) Bank and postal deposits	14,213,434	12,046,148
3) Cash on hand	3,535	3,215
Total cash and cash equivalents	*14,216,969*	*12,049,363*
Total current assets (C)	*107,307,085*	*99,066,334*
D) Accrued income and prepaid expenses	**538,230**	**501,351**
Total assets	*202,726,026*	*175,572,565*
Liabilities and shareholder's equity		
A) Shareholder's equity	**87,287,693**	**81,442,853**
I - Share capital	5,000,000	5,000,000
III - Revaluation reserves	11,118,617	11,118,617
IV - Legal reserve	1,000,000	1,000,000
VI - Other reserves, shown separately	-	-
Extraordinary reserve	4,962,658	4,962,658
Merger surplus reserve	12,510,339	-
Sundry other reserves	21,900,492	21,900,492
Total other reserves	*39,373,489*	*26,863,150*
VII - Cash flow hedging reserve	2,767,445	1,482,012
VIII - Retained earnings (accumulated losses)	23,979,074	32,230,956
IX - Net income (loss) for the year	4,049,068	3,748,118
Total shareholder's equity	87,287,693	81,442,853
B) Provision for risks and charges		
3) derivatives	943,552	-
4) other	1,421,828	1,421,828
Total provisions for risks and charges	*2,365,380*	*1,421,828*
C) Employee termination indemnities	**2,515,430**	**2,277,173**
D) PAYABLES		
4) Due to banks	43,925,166	30,703,631
due within one year	18,188,867	13,283,340
due beyond one year	25,736,299	17,420,291
7) Trade payables	49,740,139	47,575,056
due within one year	49,740,139	47,575,056
11) Due to parent companies	767,872	487,828

	31/03/2023	31/03/2022
due within one year	767,872	487,828
11-bis) Due to fellow subsidiaries	5,785,835	3,245,985
due within one year	5,785,835	3,245,985
12) Tax payables	887,764	435,224
due within one year	887,764	435,224
13) Due to pension and social security institutions	1,905,699	1,561,903
due within one year	1,905,699	1,561,903
14) Other payables	5,096,498	4,136,835
due within one year	5,096,498	4,136,835
Total payables	*108,108,973*	*88,146,462*
E) Accrued expenses and deferred income	**2,448,550**	**2,284,249**
Total liabilities and shareholder's equity	*202,726,026*	*175,572,565*

Income statement

	31/03/2023	31/03/2022
A) Value of production		
1) Revenues from sales of goods and services	148,700,331	131,673,014
2) Change in inventories of work in progress, semi-finished and finished products	(2,335,744)	3,598,653
4) Increases in non-current assets from in-house production	1,222,033	1,533,146
5) Other income and revenues	-	-
Operating grants	3,979,765	1,020,690
Other	1,564,293	1,260,760
Total other income and revenues	*5,544,058*	*2,281,450*
Total value of production	*153,130,678*	*139,086,263*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	74,495,080	65,902,236
7) services	27,426,202	26,495,790
8) lease and rental charges	4,040,554	4,555,991
9) payroll	-	-
a) wages and salaries	18,695,037	18,724,994
b) social contributions	5,252,112	5,067,045
c) employee termination indemnities	1,007,806	940,975
e) other costs	453,646	265,521
Total payroll costs	*25,408,601*	*24,998,535*
10) Depreciation, amortisation and writedowns	-	-

	31/03/2023	31/03/2022
a) amortisation of intangible assets	959,293	912,087
b) depreciation of tangible assets	13,914,436	12,917,812
d) writedowns of current receivables and liquid funds	169,178	-
Total depreciation, amortisation and writedowns	*15,042,907*	*13,829,899*
11) Change in inventory of raw and ancillary materials, consumables and goods	242,040	72,394
14) Other operating expenses	1,339,432	1,353,833
Total cost of production	*147,994,816*	*137,208,678*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**5,135,862**	**1,877,585**
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income	-	-
d) Income other than the above	-	-
from parent companies	109,017	58,560
Other	253,414	203,832
Total income other than the above	*362,431*	*262,392*
Total other financial income	*362,431*	*262,392*
17) Interest and other financial charges	-	-
Other	1,052,773	298,108
Total interest and other financial charges	*1,052,773*	*298,108*
17-bis) Exchange gains and losses	(3,349)	336
Total financial income and charges (15+16-17+-17-bis)	*(693,691)*	*(35,380)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
c) current financial assets excluding equity investments	-	2,490
d) of financial derivatives	-	50,371
Total revaluations	*-*	*52,861*
19) writedowns	-	-
d) of financial derivatives	97,008	-
Total writedowns	*97,008*	*-*
Total adjustments to financial assets and liabilities (18-19)	*(97,008)*	*52,861*
Income (loss) before taxes (A-B+-C+-D)	**4,345,163**	**1,895,066**
20) Income taxes for the year, current and deferred		
current taxation	630,024	256,082
taxation relating to prior years	(50,809)	2,361
deferred taxation	(195,320)	(742,200)
income (charges) from tax consolidation/tax transparency	87,800	1,369,295
Total income taxes for the year, current and deferred	*296,095*	*(1,853,052)*
21) Net income (loss) for the year	**4,049,068**	**3,748,118**

Statement of cash flows (indirect method)

	Amount at 31/03/2023	Amount at 31/03/2022
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	4,049,068	3,748,118
Taxation	296,095	(1,853,052)
Interest expense/(interest income)	693,691	35,380
(Gains)/losses from disposal of assets	(27,589)	(348,022)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*5,011,265*	*1,582,424*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	386,648	392,616
Depreciation and amortisation of fixed assets	14,873,729	13,829,899
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements	97,008	(52,861)
Other adjustments up or (down) for non-cash items	4,056,029	(568,414)
Total adjustments for non-cash items that had no contra-entry in net working capital	*19,413,414*	*13,601,240*
2) Cash flow before changes in net working capital	*24,424,679*	*15,183,664*
Change in net working capital		
Decrease/(Increase) in inventory	2,551,014	(3,526,259)
Decrease/(Increase) in trade receivables	(8,472,808)	8,357,139
Increase/(Decrease) in trade payables	4,984,977	(4,995,211)
Decrease/(Increase) in accrued income and prepaid expenses	(36,879)	78,939
Increase/(Decrease) in accrued expenses and deferred income	23,442	1,953,050
Other decreases/(Other Increases) in net working capital	1,730,896	(2,337,114)
Total changes in net working capital	*780,642*	*(469,456)*
3) Cash flow after changes in net working capital	*25,205,321*	*14,714,208*
Other adjustments		
Interest collected/(paid)	(552,832)	(44,967)
Dividends received	(148,391)	
(Use of provisions)		(211,802)
Total other adjustments	*(701,223)*	*(256,769)*
Cash flow from operating activities (A)	***24,504,098***	***14,457,439***
B) Cash flows from investing activities		
Tangible assets		
(Additions)	(21,614,735)	(12,683,931)
Disposals	326,813	512,907
Intangible assets		
(Additions)	(1,750,754)	(1,659,563)
Current financial assets		

	Amount at 31/03/2023	Amount at 31/03/2022
(Additions)	(3,277,471)	(895,536)
Disposals	5,085,881	
Cash flow from investing activities (B)	***(21,230,266)***	***(14,726,123)***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	(2,327,761)	4,772,999
New loans	32,300,610	
(Repayment of loans)	(19,079,075)	(14,918,125)
Own funds		
(Dividends and interim dividends paid)	(12,000,000)	
Cash flow from financing activities (C)	***(1,106,226)***	***(10,145,126)***
Increase (decrease) in cash and cash equivalents (a ± b ± c)	***2,167,606***	***(10,413,810)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	12,046,148	22,460,107
Cash on hand	3,215	3,066
Total cash and cash equivalents at the beginning of the year	12,049,363	22,463,173
Cash and cash equivalents at the end of the year		
Bank and postal deposits	14,213,434	12,046,148
Cash on hand	3,535	3,215
Total cash and cash equivalents at the end of the year	14,216,969	12,049,363

Information on the statement of cash flows

The statement of cash flows 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. Note that the item "Increase (decrease) in current bank loans" includes the change in the positive balance of the cash pooling accounts managed by Endurance Overseas S.r.l.

Explanatory notes, first part

To the Shareholder,

These notes are an integral part of the financial statements for the year ended 31/03/2023.

The financial statements submitted for your approval show net income of € 4,049,068, after current and deferred taxes that give a positive balance of € 296,095 and depreciation and amortisation of € 14,873,729.

Basis of preparation

Preparation of the financial statements

The financial statements for the year ended 31 March 2023 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.

As regards significant events during the year, on 21 February 2023 with a deed drawn up by Notary Roberto De Leo in Chivasso a partial demerger was approved (effective as of 28 February 2023) by the parent company Endurance Overseas S.r.l. in favour of Endurance S.p.A.

This transaction was aimed at reorganising the group including management of the industrial buildings under the direct and sole responsibility of the Company, as well as the simplification of decision-making processes and administrative obligations relating to the properties. The accounting effects will be analysed below in the sections on tangible assets and shareholders' equity.

Even though the general context is uncertain, taking into account the upward trend in energy prices (partly offset by external support) and despite the rise in interest rates, aimed at contrasting inflation which reached extremely significant levels in recent months, we are of the opinion that the Company's current liquidity, together with that of the group, makes it reasonable to assume that the Company can continue to operate as a going concern for at least 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 notes.

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

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

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

Basis of preparation

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

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

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Comparability and compliance

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 patents and intellectual property rights	3 years on a straight-line basis
Concessions, licences, trademarks and similar rights	10 years on a straight line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis / based on the duration of the underlying contracts

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

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

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 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 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 assets are depreciated systematically each year. The rates applied are summarised in the following table:

Tangible 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%

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 previous year, the Company made use of the option available under article 110 of Legislative Decree 104 of 14 August 2020 (the so-called 'August Decree'), converted into Law 120 of 13 October 2020 (G.U. 253 of 13 October 2020, Suppl, Ord. 37), to revalue its assets.

Impairment (tangible and intangible 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 long-term financial assets)

The equity investments and debt securities classified as non-current 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 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 shareholder's equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost and realisable value, based on market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the 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 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 long-term financial assets.

Equity investments and securities not held as non-current 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 shown 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.

Derivatives

Derivatives consist of financial assets and liabilities measured at fair value.

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

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

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

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

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII “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 derivatives 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 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 Income Tax Act (T.U.I.R.) and the renewed contract with the parent company covering the financial year ended on 31/03/2020.

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 of the Italian Civil Code, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes - assets

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

Fixed assets

Intangible assets

"Intangible assets" total € 2,902,686 at 31 March 2023, after charging amortisation of € 959,293 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 patents and intellectual property rights mainly include the residual value of software used for business activities.

The item "Other intangible assets" includes the value of long-term costs mainly associated with supply contracts.

No evidence was found during the year based on the latest forward-looking scenarios to indicate the possible impairment of intangible assets 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 patents and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	5,751,051	652,970	1,626,472	4,609,582	12,640,075
Amortisation (Accumulated amortisation)	3,527,779	618,871	1,260,516	4,322,282	9,729,448
Writedowns	-	-	365,956	-	365,956
Carrying amount	2,223,272	34,099	-	287,300	2,544,671
Changes during the year					
Additions	1,324,033	70,805	-	355,915	1,750,753
Reclassifications (of the carrying amount)	-	-	-	(433,446)	(433,446)
Amortisation for the year	793,231	32,905	-	133,157	959,293
Total changes	*530,802*	*37,900*	-	*(210,688)*	*358,014*
Balance at the end of the year					
Cost	7,075,084	723,775	1,626,472	2,995,939	12,421,270
Amortisation (Accumulated amortisation)	4,321,010	651,776	1,260,516	2,919,326	9,152,628
Writedowns	-	-	365,956	-	365,956
Carrying amount	2,754,074	71,999	-	76,613	2,902,686

The increases recorded during the year mainly refer to development costs incurred with a view to acquiring knowledge and skills for the development of new products and the efficiency of production lines: the costs subject to capitalisation mainly refer to the costs for personnel involved in development activities, as well as external costs to support these activities.

It should be noted that "Other intangible assets" reflects the reclassification of the residual value of the improvements made to leasehold properties (properties used by the Company, up to the year in question, on the basis of rental contracts with the parent company Endurance Overseas S.r.l., being those involved in the demerger). Following the completion of the transfer of ownership of the properties to the Company, these assets were reclassified to tangible assets (under Land and Buildings).

Tangible 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 assets amount to €234,646,855, gross of accumulated depreciation at 31 March 2023, including the revaluations made in previous years and the contribution of the demerger that took place during the year. Accumulated depreciation totals € 145,892,496, including the depreciation charge for the year of € 13,914,436.

The main categories are as follows:

- Land and buildings (for a net amount of €20,212,661 at 31 March 2023) include the net carrying amount of the properties received as a result of the partial demerger of the parent company Endurance Overseas S.r.l. in favour of the Company, involving the industrial buildings of the production complexes in Chivasso (TO) and Lombardore (TO), which led to an increase in the net amount of assets of € 13,346,437. In addition, this item includes the reclassification from "Other intangible assets" (with a net effect of €433,446) of the residual value of the improvements made to the same buildings in previous years under rental contracts, which have been cancelled as a result of the demerger;
- Plant and machinery (recognised in the financial statements for a net carrying amount of €52,618,839 at 31 March 2023), used in the Company's production activities at the industrial complexes of Chivasso (TO) and Lombardore (TO).

Assets under construction and advance payments (€ 15,205,647 at 31 March 2023) includes the residual amount of advances paid to suppliers for the purchase of plant and machinery and of goods purchased but awaiting installation for use in production, with reference to projects for Volkswagen/Audi (Oil Modules, Halter, Deckel) and Stellantis (Transmission Housing Punch Powertrain), as well as the installation of photovoltaic systems at all of the Company's production sites, scheduled for the first half of FY 2023-2024.

Movements in tangible 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 assets	Assets under construction and advance payments	Total tangible assets
Balance at the beginning of the year						
Cost	8,750,957	146,339,599	18,651,436	2,031,693	4,824,914	180,598,599
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	2,612,471	99,011,305	18,073,672	1,777,337	-	121,474,785
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	6,138,486	56,606,779	577,764	261,556	4,824,914	68,409,499
Changes during the year						
Additions	883,287	1,978,603	352,142	34,440	17,377,834	20,626,306
Reclassifications (of the carrying amount)	433,446	6,997,101	-	-	(6,997,101)	433,446
Disposals (at carrying amount)	-	302,739	-	-	-	302,739
Depreciation for the year	588,995	12,815,966	408,370	101,105	-	13,914,436
Other changes	13,346,437	155,061	785	-	-	13,502,283
Total changes	*14,074,175*	*(3,987,940)*	*(55,443)*	*(66,665)*	*10,380,733*	*20,344,860*
Balance at the end of the year						
Cost	33,496,450	155,582,002	19,010,938	2,066,133	15,205,647	225,361,170
Revaluations	-	9,342,485	-	7,200	-	9,349,685
Depreciation (Accumulated depreciation)	13,283,789	112,241,648	18,488,617	1,878,442	-	145,892,496
Writedowns	-	64,000	-	-	-	64,000
Carrying amount	20,212,661	52,618,839	522,321	194,891	15,205,647	88,754,359

The changes that took place during the year were as follows:

- for € 13.5 million (shown in "other changes"), the contribution of the partial demerger carried out by the parent company Endurance Overseas S.r.l. and concerning the buildings of the Chivasso (TO) and Lombardore (TO) production sites and related plants;
- additions for a total of € 19.2 million, mainly in plant and machinery and assets under construction and advance payments, pertaining to:
  - increases in production capacity, mainly for mechanical processing, and dedicated to existing projects for Volkswagen customers in particular and FCA (now the Stellantis group), as well as for the implementation of production lines for the orders acquired most recently from the Volkswagen Group, the Audi brand in particular, and the Stellantis Group, through the Punch Powertrain Engineering joint venture.
  - Installation of photovoltaic systems on all industrial buildings of the Company's production sites, as part of the investments aimed at diversifying sources of energy supply from renewable energies, just one of various projects designed to increase the sustainability of the Endurance Group's business.
  - Acquisition of land in the industrial complex of Chivasso (approximately 50,000 square metres) and that of Lombardore (approximately 5,000 square meters), with the aim of guaranteeing adequate space for the development of these projects.

With specific reference to the assessment of any sign of losses attributable to tangible assets, 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 assets at 31 March 2023 will be recoverable from future cash flows.

Finance leases

Italian law requires finance leases to be presented in a particular way, the so-called "patrimonial method", whereby lease instalments for the year are charged to the income statement (€ 518,888 for plant and machinery in 2022-2023).

The tables which follow provide the information required by law in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases according to IFRS, under which the lessee would record the interest on the capital and depreciation on the asset, with the leased asset shown as a fixed asset, at the same time recognising the lease liability for the principal portion of the residual instalments still to be paid. Had the Company adopted the above finance lease methodology, the accounting effects would have been as follows:

	Effects on Shareholder's Equity - Assets		
a)	**Outstanding contracts**		
a.1)	Assets under finance leases at the end of the previous year		87,935
	- of which the gross amount	4,356,470	
	- of which accumulated depreciation	(4,268,535)	
a.2)	Assets purchased under finance leases during the year		-
	Assets held under finance leases redeemed during the year (net carrying amount upon redemption)		50,371
a.4)	Depreciation charge for the year		49,124
a.5)	Writedowns/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		89,183
	- of which the gross amount	992,539	
	- of which accumulated depreciation	(903,357)	
a.7)	Prepaid interest on lease instalments at the end of the year		
a.8)	Curtailment of prepaid expenses under the "patrimonial method"		(7,644)
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		(585,701)
	TOTAL [a.6+(a.7-a.8)+b.1]		**(504,162)**

	Effects on Shareholder's Equity - Liabilities		
c)	Lease liabilities (implicit payables)		
c.1)	Lease liabilities at the end of the previous year		531,959
	- of which due within one year	512,470	
	- of which due beyond one and within 5 years	19,489	
	- of which due beyond 5 years	-	
c.2)	Lease liabilities that arose during the year		
c.3)	Repayment of principal and redemptions during the year		(512,470)
c)	Lease liabilities at the end of the year		19,489
	- of which due within one year	19,489	
	- of which due beyond one and within 5 years	-	
	- of which due beyond 5 years	-	
c.5)	Accrued interest on instalments at the end of the year		-
c.6)	Curtailment of accrued expenses under the "patrimonial 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)]		**(523,651)**
e)	Tax effect		146,099
f)	**Effect on Shareholders' Equity at the end of the year (d-e)**		**(377,552)**

	Effects on the Income Statement	
g)	**Effect on income before taxes (lower/higher costs) (g.1+g.2+g.3+g.4+g.5)**	**302,696**
g.1)	Reversal of instalments on finance lease transactions	518,888
g.2)	Recognition of financial charges on finance lease transactions	(10,904)
g.3)	Recognition of depreciation charges on outstanding contracts	(49,124)
g.4)	Recognition of depreciation charges on redeemed assets	(156,164)
g.5)	Recognition of adjustments/write-backs on leased assets	-
h)	**Recognition of the tax effect**	(84,452)
i)	**Net effect on the result for the year of accounting for lease transactions with the finance lease method rather than the "patrimonial method" actually used (g-h)**	**218,244**

The value of future lease instalments under outstanding lease contracts totals € 19,511 at 31 March 2023.

Long-term financial assets

Long-term financial assets total € 3,223,666 at 31 March 2023 and comprise equity investments, € 284, and amounts due from parent companies, € 3,000,000, as well derivatives with a positive fair value at the balance sheet date (€ 223,382).

Equity investments comprise:

- € 129 representing shares held in Unionfidi Piemonte S.C.;
- € 155 representing shares held in Confartigianato Fidi Piemonte e Nord Ovest S.p.A.

Non-current financial receivables, with no changes during the year, 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.

The positive balance represented by the fair value of the derivative contracts, designated as hedging instruments for highly probable transactions, entered into by the Company, is included in "Derivatives".

In particular, these are interest rate swaps and interest rate caps entered into in previous years and the one under review, with the aim of mitigating the risk of fluctuations in floating interest rates underlying some of the existing loan agreements. These contracts are accounted for according to the cash flow hedge principle. The fair value expressed in the financial statements is based on the mark-to-market valuations made available by the leading financial institutions with which the instruments are taken out.

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 € 20,163,173 at 31 March 2023 and are stated net of an allowance for obsolete and slow-moving items totalling € 4,471,869.

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	4,990,601	(1,765,512)	3,225,089
work in process and semi-finished products	10,077,709	(427,773)	9,649,936
finished products and goods	7,629,246	(384,499)	7,244,747
advances	16,631	26,770	43,401
Total	*22,714,187*	*(2,551,014)*	*20,163,173*

The decrease compared with the previous year is due to the combined effect of an increase in the value of the main raw material (aluminium alloy) in FY 2022-2023, continuing the previous year's trend, and the absorption of production by customers; compared with the previous year (impacted more by the critical issues in international markets, exacerbated by the recent geopolitical turmoil), this saw a recovery in terms of volumes and regularity, albeit in a market context characterised by the persistence of critical issues in the availability of materials and components and price fluctuations (also as a result of the trends in energy factors).

Current receivables

They total € 29,568,759 at 31 March 2023. 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	7,298,848	8,903,180	16,202,028	16,202,028	-
Receivables due from parent companies	4,814,810	(492,856)	4,321,954	4,321,954	-
Receivables due from fellow subsidiaries	472,130	62,484	534,614	534,614	-
Tax receivables	2,848,371	1,118,752	3,967,123	3,967,123	-
Deferred tax assets	5,235,815	(1,287,023)	3,948,792	-	-
Other receivables	696,968	(102,720)	594,248	594,248	-
Total	**21,366,942**	**8,201,817**	**29,568,759**	**25,619,967**	**-**

Trade receivables (€ 16,202,028 at 31 March 2023) recorded an increase of € 8,903,180 compared with the previous year. This is attributable to the increase in business volumes in the latter part of the year compared with the previous year and to the trend in payments from customers, which led to the postponement of certain due dates which were paid in the weeks immediately after the end of the financial year. Trade receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts of € 740,935, including the allowance for the year of € 169,178 (for specific positions that became more critical). The allowance was not used during the year.

Receivables due from the parent company (€ 4,321,954) refer to the trade relationship with Endurance Overseas S.r.l. (€ 127,826) and the receivable balance for excess income tax advances paid to the parent company (€ 4,194,128) as part of the tax consolidation 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. (€ 105,157), Endurance Engineering S.r.l. (€ 10,047) and advances for € 233,035 to Endurance Adler S.p.A. (€ 144), all direct subsidiaries of Endurance Overseas S.r.l., and Endurance GmbH (€ 186,231), a German subsidiary of the indirect parent company Endurance Technologies Limited.

Tax receivables mainly consist of the VAT credit (€ 2,063,040, for which the rebate was requested in April 2023, on the completion of checks by the tax authorities) and the unused amounts of tax credits accrued in previous years and the current one for the purchase of new capital goods - both ordinary and "4.0 goods" - made in previous years and the current one, pursuant to laws 160/2019 and 178/2020 (€ 683,188), the tax credit for Research and Development pursuant to art. 1, paragraph 35, Law 190 of 23 December 2014 (€ 245,760) and the tax credit in favour of companies with high electricity consumption and "non-gas-consuming" companies.

Deferred tax assets at 31 March 2023 amount to € 3,948,792 and mainly relate to differences between the carrying amount of goodwill for statutory and tax purposes, 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 due 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 latest forecasts.

Other receivables (€ 594,248 al 31 March 2023) include advances to employees for government-assisted lay-off pay (€ 176,151), amounts due from INAIL (€ 14,461), guarantee deposits paid to suppliers (€ 16,502) and various other non-trade receivables.

Breakdown of current receivables by geographical area

It is not considered meaningful to give a breakdown of receivables by geographical area because of the nature of the customers, which are multinationals operating in the automotive industry with legal entities and plants in various countries. As regards the geographical distribution of the Company's business, please refer to what is stated in relation to sales revenues.

Current financial assets

Movements in current financial assets

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

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
other securities	27,905,986	(1,905,418)	26,000,568
treasury management assets	15,029,856	2,327,761	17,357,617
Total	*42,935,842*	*422,343*	*43,358,185*

Other securities comprise short-term investments of surplus cash: in particular, the balance includes insurance policies and units in funds that primarily invest in insurance products (totalling € 16.0 million), European bonds (€ 6.0 million) and units in alternative multi-sector investment funds that focus on asset management (€ 4.0 million). To show these instruments at the lower value of cost and current value, they were written down during the year by € 97,008 as some of them were quoted below par. No unrealised gains on these instruments have been recognised in accordance with the accounting standards.

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 € 2,327,761), which administers the treasury activities of the Group, in asset caption C.3.7) under "Current financial assets".

Cash and cash equivalents

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
bank and postal deposits	12,046,148	2,167,286	14,213,434
cash on hand	3,215	320	3,535
Total	*12,049,363*	*2,167,606*	*14,216,969*

This item principally comprises the balance on bank current accounts at 31 March 2023.

The increase should be considered together with the change in "Current financial assets", which includes the liquidity generated by the Company during the year. The overall increase of € 2.6 million was determined by the effect of the investments made during the year and the repayment of long-term financial payables, net of new loans taken out and offset by the operating cash flow generated by the Company. The Company's strategy confirms treasury management aimed at maintaining a material level of liquidity, with the aim of guaranteeing the availability of resources to support their growth strategies and ensure the liquidity needed to continue the investments for the development of the most recently acquired projects. It is also designed to deal with any further slowdowns in the market, given the current situation which has been hit by the recessionary effects of inflation and the increase in interest rates, the critical issues in the markets for raw materials and energy, as well as the uncertainties inherent in the automotive sector, also in considering possible developments on the part of the Endurance Group's main customers.

The procurement of financial resources during the year and currently being negotiated by the Company in the context of the financial management policies of the Endurance Overseas S.r.l. group, while continuing to benefit from the favourable funding conditions recognised to the Group in the context of the financial markets, suffered the effects of the sudden increase in interest rates from mid-2022, which have still not been stabilised.

See the statement of cash flows for further analysis of the changes during the year.

Accrued income and prepaid expenses

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued income	7,001	36,808	43,809
Prepaid expenses	494,350	71	494,421
Total accrued income and prepaid expenses	**501,351**	**36,879**	**538,230**

Accrued income includes portions of revenues pertaining to the current year which will be received in subsequent periods.

Prepaid expenses mainly include the portions relating to future years of insurance premiums and other costs that cover more than one accounting period (such as maintenance, lease instalments, subscriptions), as well as interest and bank charges debited in advance.

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 individual balance sheet items are analysed below, according to current law.

Shareholders' equity

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

Changes in shareholder's equity items

The changes in shareholder's equity during the prior year are analysed below:

	Balance at the beginning of the year	Allocation of the prior year result - 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	11,118,617	-	-	-	11,118,617
Legal reserve	1,000,000	-	-	-	1,000,000
Extraordinary reserve	4,962,658	-	-	-	4,962,658
Other reserves	21,900,492	-	-	-	21,900,492
Cash flow hedging reserve	-	-	1,482,012	-	1,482,012
Retained earnings (accumulated losses)	23,032,983	9,197,973	-	-	32,230,956
Net income (loss) for the year	9,197,973	(9,197,973)	-	3,748,118	3,748,118
Total	**76,212,723**	**-**	**1,482,012**	**3,748,118**	**81,442,853**

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	11,118,617	-	-	-	-	11,118,617
Legal reserve	1,000,000	-	-	-	-	1,000,000
Extraordinary reserve	4,962,658	-	-	-	-	4,962,658
Merger surplus reserve	-	-	-	12,510,339	-	12,510,339
Other reserves	21,900,492	-	-	-	-	21,900,492
Cash flow hedging reserve	1,482,012	-	-	1,285,433	-	2,767,445
Retained earnings (accumulated losses)	32,230,956	(12,000,000)	3,748,118	-	-	23,979,074
Net income (loss) for the year	3,747,118	-	(3,748,118)	-	4,050,068	4,049,068
Total	**81,441,853**	**(12,000,000)**	**-**	**13,795,772**	**4,050,068**	**87,287,693**

Share capital at 31 March 2023 amounts to € 5,000,000, represented by 5,000,000 shares with a nominal value of € 1.00 each.

Shareholders equity includes the following:

- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, comprising the Revaluation reserve pursuant to Law 342/00, of € 1,551,755, and the Revaluation reserve pursuant to Law 126/20, of € 8,636,951 formed in the previous year, both net of substitute tax;
- The Demerger surplus reserve for € 12,510,339, recorded for the partial demerger that took place during the year by the parent company Endurance Overseas S.r.l. with Endurance S.p.A. as the beneficiary; it constitutes a freely available capital reserve;
- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, which were used for the bonus capital increase authorised at the extraordinary shareholder's meeting held on 20/11/2000 (using € 170,471 from the pre-existing revaluation reserve created pursuant to Law 72/83).
- Reserve for the coverage of expected cash flows, not available and not usable to cover losses. In particular, the item includes the amount, recognised net of tax, of the effective portion of the changes in fair value of the derivatives taken out to hedge the financial flows involved in planned transactions that are highly probable; in accordance with the applicable standards, at the time of recognition of the asset or liability involved in the highly probable transaction, the Company transfers the equivalent effective amount of the derivative instrument from the reserve, including it directly in the book value of the asset or liability, adjusting the income or cost of the underlying transaction in the income statement.

Changes in the cash flow hedging reserve during the year are detailed below:

	Interest rate swaps and caps	Commodity swaps	Total
Gross carrying amount of the reserve at 31 March 2022	93,724	1,956,702	2,050,425
Deferred tax liabilities	(22,494)	(545,920)	(568,413)
Net carrying amount of the reserve at 31 March 2022	**71,230**	**1,410,782**	**1,482,012**
Fair value change in derivatives (effective component), net of reversals to the income statement on closure of the underlying transactions	129,658	1,646,176	1,775,834
Gross carrying amount of the reserve at 31 March 2023	223,382	3,602,878	3,826,260
Deferred tax liabilities	(53,612)	(1,005,203)	(1,058,815)
Net carrying amount of the reserve at 31 March 2023	**169,770**	**2,597,675**	**2,767,445**

Note that the cash flow hedging reserve includes the contracts existing at the date of the financial statements (in long-term financial assets or provisions for risks depending on the positive or negative value of the instruments). It also contains the value of certain instruments subject to early realisation during the year, the effects of which have found continuity of application in the equity reserve. This in consideration of the underlying risk hedging strategy to be implemented - in the period of the original duration of the contracts underlying the derivatives - through the use of the cash flows obtained from liquidation of the instruments.

Availability and use of shareholder's 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
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
Merger surplus reserve	12,510,339	Share capital	A;B;C	12,510,339
Other reserves	21,900,492	Revenue	A;B;C	21,900,492
Cash flow hedging reserve	2,767,445			-
Retained earnings (accumulated losses)	23,979,074	Revenue	A;B;C	23,979,074
Total	**83,238,625**			**63,352,563**
Amount not distributable				6,702,866
Residual amount distributable				56,649,697
Key: A: for increase in capital; B: to cover losses; C: for distribution to shareholders; D: for other statutory requirements; E: other				

The amount not distributable, determined in accordance with art. 2426 c.c., covers unamortised development costs totalling € 2,754,074 and deferred tax assets of € 3,948,792, 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 - Total	Balance at the end of the year
Derivatives	-	943,552	943,552	943,552
Other provisions	1,421,828	-	-	1,421,828
Total	**1,421,828**	**943,552**	**943,552**	**2,365,380**

Other provisions

The provisions recorded in the current and prior years cover liabilities of various kinds - trade, tax, employment 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 item also includes the negative fair value of the derivatives (1 commodity swap) taken out during the year, aimed at mitigating the risk of an increase in natural gas costs, contracted in relation to the market trend during the year.

Employee termination indemnities

Changes in the provision for employee termination indemnities are shown in the following table.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	2,277,173	378,550	140,293	238,257	2,515,430

This provision includes the revaluation of the liability in accordance with current legislation. The uses recorded during the year reflect the indemnities paid in advance to employees (€ 140,293).

The charge for the year (provision for employee termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable.

Payables

Payables total € 108,108,974 at 31 March 2023.

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

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	30,703,631	13,221,535	43,925,166	18,188,867	25,736,299
Trade payables	47,575,056	2,165,083	49,740,139	49,740,139	-
Payables due to parent companies	487,828	280,044	767,872	767,872	-
Payables due to fellow subsidiaries	3,245,985	2,539,850	5,785,835	5,785,835	-
Tax payables	435,224	452,540	887,764	887,764	-
Due to pension and social security institutions	1,561,903	343,796	1,905,699	1,905,699	-
Other payables	4,136,835	959,663	5,096,498	5,096,498	-
Total	**88,146,462**	**19,962,511**	**108,108,973**	**82,372,674**	**25,736,299**

Amounts due to banks include both the current portion of loans obtained from major banks (€ 18,188,867) and the portion due beyond 12 months (€ 25,736,299).

Amounts due to banks show a significant increased compared with the previous year due to the arrangement of new loans to support the production investments put in place by the company. .

The following is a breakdown of medium-term loans outstanding at 31 March 2023 (for which the liabilities are accounted for using the amortised cost approach):

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2023	Within one year	Beyond one year
Mediocredito	10,000,000	26/10/2018 - 5	1,000,000.00	1,000,000.00	-
Banca Nazionale del Lavoro	5,000,000	07/12/2018 - 5	1,000,000.00	1,000,000.00	-
Cariparma - Credit Agricole	3,000,000	20/02/2019 - 5	612,170.00	612,170.00	-
CREDEM	5,000,000	10/12/2019 - 4	945,124.00	945,124.00	-
Intesa San Paolo	10,000,000	29/01/2020 - 4	2,500,000.00	2,500,000.00	-
Banca Nazionale del Lavoro	5,000,000	01/04/2020 - 5	2,250,000.00	1,000,000.00	1,250,000.00
Gruppo Banco Popolare	10,000,000	30/04/2020 - 5	4,267,005.00	2,117,674.00	2,149,331.00
MCC - Sustainable growth provision	3,006,099	29/04/2020 - 8	2,156,547.00	380,859.00	1,775,688.00
Unicredit (*)	5,000,000	21/01/2021 - 5	3,000,060.00	1,000,000.00	2,000,060.00
Unicredit	10,000,000	11/04/2022 - 4	8,125,000.00	2,500,000.00	5,625,000.00
Intesa San Paolo	10,000,000	27/04/2022 - 4	7,708,333.00	2,500,000.00	5,208,333.00
BPER	5,000,000	23/06/2022 - 4	4,073,886.00	1,242,947.00	2,830,939.00
Banca Nazionale del Lavoro	7,000,000	27/07/2022 - 4	6,300,000.00	1,400,000.00	4,900,000.00
Amortised cost adjustment	-	-	(12,959.00)	(9,907.00)	(3,052.00)
Total	**88,006,099**		**43,925,166.00**	**18,188,867.00**	**25,736,299.00**

(*) Guaranteed by Medio Credito Centrale

The contracts are at fixed interest rates (between 0.2% and 0.8%) or 3-month Euribor plus a spread of between 0.002% for loans guaranteed or disbursed in the context of grants for research and development projects, and 1.35%, in consideration of market conditions at the time of subscription and the duration of the loan.

As regards trade payables (€ 49,740,139 at 31 March 2023), the change recorded during the year is represented by an increase, which is consistent with both the trend in the volume of business in the last quarter of the year compared with the corresponding period of 2021-2022 and with the trend in trade receivables.

Payables due to parent companies total € 767,872 and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

Payables due to fellow subsidiaries (€ 5,785,835 at 31 March 2023) include trade payables due to Endurance Castings S.p.A. (€ 5,637,134) and Endurance Engineering s.r.l. (€ 73,081) and to Veicoli S.r.l. (€ 25,620), which are direct subsidiaries of Endurance Overseas S.r.l.

Tax payables, totalling € 887,764, refer to payroll withholdings for € 324,987 and to the IRAP balance for the year under review for € 291,000, net of advances paid, 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 for € 89,040 and for the balance to various tax payables.

Other payables of € 5,096,499 principally include amounts due to employees for payroll and related accruals (€ 3,780,502), advances received from customers (€ 1,012,000) and other amounts due.

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 shareholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	2,284,249	164,301	2,448,550
Total accrued expenses and deferred income	**2,284,249**	**164,301**	**2,448,550**

Deferred income includes income mainly of commercial nature and other income for grants relating to future years. The latter refer (for € 1,134,232) to concessions for the purchase of new capital goods pursuant to art. 1, paragraphs 184-197, of Law 160/2019, to be accounted for on the basis of the depreciation of the underlying assets and (for € 550,559) to portions of advances on grants received for research projects against expenses planned in future years.

Explanatory notes - income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, 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 in2022-2023 is analysed below with comparative figures:

Description	FY 2022-2023	FY 2021-2022	Change
1) Revenues from sales of goods and services	148,700,331	131,673,014	17,027,317
2) Change in inventories of work in progress, semi-finished and finished products	(2,335,744)	3,598,653	(5,934,397)
4) Increases in non-current assets from in-house production	1,222,033	1,533,146	(311,113)
5) Other income and revenues			
Operating grants	3,979,765	1,020,690	2,959,075
Other	1,564,293	1,260,760	303,533
Total	**153,130,678**	**139,086,263**	**14,044,415**

Sales revenues for the year (including income from the sale to customers of specific equipment used in production, when envisaged by contracts) increased compared with the previous year, in line with the trend in the market, which marked a recovery during the year compared with FY 2021-2022, which was still strongly affected by the slowdown in the post-pandemic recovery.

The rising trend was in any case in a context of high inflation with difficulties in certain supply chains (in terms of availability and pressure on the prices of raw materials and components). It has only partially recovered the effects of the pressure on the industrial sector of the rising cost of energy commodities.

Lastly, albeit with only indirect effects in the Company's operating environment, the market still has effects linked to the geo-political turmoil in Europe as a result of the Russian-Ukrainian conflict.

The increase in sales (approximately 13% compared with 2021-2022) involved all of the Company's main customers with revenues distributed mainly among the Stellantis group (FCA and PSA, for a total of 39% of turnover) and Volkswagen/Audi (37%), followed by CNHI (10%), BMW (5%) and Daimler/Mercedes (2%).

Increases in non-current assets from in-house production include the capitalisation of costs (payroll costs in particular) incurred by the Company as part of its R&D activities during the year for the development of new products and the implementation of process innovations in the current production situation.

Other revenues include:

- the portion for the year of operating grants related to, in particular:
  - use of photovoltaic systems (€ 90,584);
  - those, in the form of tax credits (for a total of € 3,888,433), relating to investments in plant and machinery in previous years, pursuant to the Tremonti-ter Law, research and development and innovation expenses, investments in capital goods carried out pursuant to Law 160/2019, art.1, paragraph 184-197 (substitutive regulation of super- and hyper-depreciation), as well as those recognised under the provisions of Decree No. 4 of 2022 et seq;
  - the proceeds from the lease to the subsidiary Endurance Engineering S.r.l. of the Grugliasco industrial site (€ 200,338);
- insurance compensation received (€ 317,400);
- capital gains deriving from the sale of assets (€ 27,589);
- miscellaneous income €752,230, including €378,878 of grants received for the company's participation in research and development projects co-financed by regional and ministerial bodies and for Horizon 2020 projects, as well as (for €238,388) the reimbursement of higher excise duties paid in previous years in relation to energy consumption certified as exempt.

Analysis of revenues from sales and services by category of activity

Revenues from sales and services relate entirely (€ 148,700,331) to income from the core business of the Company, comprising the engineering of precision and die-cast components for the automotive market, as well as related activities.

Breakdown of revenue from sales of goods and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area

Geographical area	Amount for the current year	Weight %	Amount for the current year	Weight %
ITALY	76,296,973	51%	71,294,521	54%
GERMANY	34,947,284	24%	29,302,915	22%
HUNGARY	26,076,495	18%	20,487,732	16%
POLAND	7,362,862	5%	5,434,906	4%
ROMANIA	1,571,883	1%	2,810,322	2%
OTHER EUROPEAN COUNTRIES	1,542,494	1%	419,651	0%
OTHER NON-EU COUNTRIES	902,340	1%	1,922,968	1%
Total	**148,700,331**	**100%**	**131,673,014**	**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	FY 2022-2023	FY 2021-2022	Change
Cost of raw and ancillary materials, consumables and goods for resale	74,495,080	65,902,236	8,592,844
Cost of services	27,426,202	26,495,790	930,412
Lease and rental charges	4,040,554	4,555,991	(515,437)
Payroll costs:			
Wages and salaries	18,695,037	18,724,994	(29,957)
Social contributions	5,252,112	5,065,445	186,667
Employee termination indemnities	1,007,806	942,575	65,231
Other costs	453,646	265,521	188,125
Amortisation of intangible assets	959,293	912,087	47,206
Depreciation of tangible assets	13,914,436	12,917,812	996,624
Writedowns of current receivables and liquid funds	169,178	-	169,178
Change in inventory of raw and ancillary materials, consumables and goods	242,040	72,394	169,646
Other operating expenses	1,339,432	1,353,833	(14,401)
	147,994,816	**137,208,678**	**10,786,138**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The items in question record a more than proportional increase with respect to the trend in the value of production due to the strong growth in the cost of the raw material component of energy factors and the higher purchase costs following the price increases paid to suppliers due to inflation, only partially offset by lower costs for outsourcing and maintenance. It should also be recalled that, in line with the contractual practices of the sector, sales prices are linked to the performance of the reference raw materials (aluminium alloys in particular), which recorded increases during the year (albeit lower than the previous year).

Payroll costs

This item (which increased by 1.6% during the year as a result of the flexibility initiatives implemented to cope with the reduction in sales volumes and the not always linear trend in production at customers' plants) includes all of the costs relating to employees, including bonuses, promotions, the cost of unused holidays and the various provisions required by law and collective labour agreements. It also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to income statement line B7.

Lease and rental charges

This item mainly includes the costs relating to the rental of the Company's operating structures charged by the parent company Endurance Overseas S.r.l. (applied until the effective date of its demerger in favour of the Company), as well as the finance lease payments relating to plant and machinery used in the production process. The reduction recorded during the year is mainly determined by the effect of the demerger, as well as the natural conclusion of certain finance leasing contracts, which have reached redemption.

Depreciation and amortisation and writedown of receivables included in current assets

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. Note that the closing balance is higher than the previous year's, both as regards the amortisation of intangible assets (particularly for the increases in development costs) and as regards the depreciation of tangible assets, in line with the trend of the investments made during the year, as well as the revision of the useful lives of the projects and/or of the phase-out of certain specific products. The item includes the depreciation for the year (approximately € 1.7 million) on the higher value that emerged following the revaluation of fixed assets carried out in previous years, pursuant to Law 126/20.

Provisions were also recorded during the year for the write-down of current receivables following specific analyses of the recoverability of certain trade receivables.

Other operating expenses

This item (essentially in line with the previous year) includes, among other things, penalties charged by customers, local taxes and, in general, non-recurring costs not pertaining to the core business.

Financial income and charges

Financial income and charges are recorded on an accruals basis. Financial income from the parent company (€ 109,017) comprises the interest recognised by Endurance Overseas S.r.l. in relation to the outstanding loan (€ 3,000,000 at 31 March 2023) and the credit balances on the cash pooling account. Other financial income (€ 253,414) 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 (€ 1,052,773) principally include the interest charged on the various loans obtained from third-party lenders. The significant increase during the year compared with the previous year is mainly linked to the higher recourse to finance (in support of investments) with regard to the repayments made and, above all, the trend in interest rates, which posted an extraordinary increase starting from mid-2022 (with Euribor going from -0.5% in April 2022 to 3.0% at the end of March 2023), currently not yet eased. The net exchange losses (€ 3,349 in 2022/2023) 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 shown under financial assets. These are adjustments made to align the carrying amount with the market value of securities for which prices are quoted below par and which will therefore not give rise to actual losses if held to maturity.

A comparison with the prior year is presented in the following table:

Description	FY 2022-2023	FY 2021-2022	Change
Revaluation (write-down) of securities classified as current assets	(97,008)	2,490	(99,498)
Revaluation (write-down) of derivatives	-	50,371	(50,371)
	(97,008)	**52,861**	**(149,869)**

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 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 2022-2023	FY 2021-2022
Income taxes	**296,095**	**(1,853,052)**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	630,024	256,082
of which: Taxation relating to prior years	(50,809)	2,361
Deferred taxation	(195,320)	(742,200)
income (charges) from tax consolidation	87,800	1,369,295

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	9,056,685	1,445,641
Total taxable temporary differences	1,512,502	-
Net temporary differences	(7,544,183)	(1,445,641)
B) Tax effects		
Provision for deferred tax liabilities (assets) at the beginning of the year	(4,731,260)	(504,555)
Deferred tax liabilities (assets) for the year - booked to P&L	(111,189)	(84,132)
Deferred tax liabilities (assets) for the year - booked to equity	426,200	64,201
Deferred tax liabilities (assets) - demerger effect	991,943	-
Provision for deferred tax liabilities (assets) at the end of the year	(3,424,306)	(524,486)

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%).

Deductible temporary differences mainly include the provision for deferred tax liabilities relating to the tax effect of the changes in the cash flow hedging reserve and the tax effect from which the company benefited for the partial demerger of properties with statutory and fiscal values not aligned with previous extraordinary operations which in the past gave rise to a provision for deferred tax liabilities.

The deferred tax assets recorded during the year mainly refer to the temporary differences arising from the tax loss (not remunerated as part of the tax consolidation) caused by charging hyper-accelerated depreciation for tax purposes only, the above provisions for risks and the misalignment of depreciation based on the estimated useful life of assets for accounting purposes and that applied for tax purposes.

The income from the tax consolidation shows the effect of remunerating the tax loss for the year transferred under the group taxation regime pursuant to articles 117-129 of the CTA, which the other companies of the group adhering to the same regime have benefited from.

Explanatory notes - other information

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

Employment data

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

	Executives	White collar	Blue collar	Total employees
Average number	8	78	316	402

The workforce at 31 March 2023 (consisting solely of Company employees) comprises 399 persons.

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

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

	Directors	Statutory Auditors
Fees	10,000	39,520

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services:

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or firm of auditors
Amount	18,376	7,034	25,410

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The cost of auditing the annual accounts includes the fees for checking that the books of account have been kept properly, while the other non-audit services relate to the signature of tax declarations and the certification of R&D costs in order to obtain access to the related tax credits.

Securities issued by the company

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

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 derivatives pursuant to art. 2427-bis of the Italian Civil Code

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

Type of instrument	Number of contracts at 31/03/2023	Original notional value	Notional at 31/03/2023	Fair value	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2022	Fair value
Interest rate swaps	4	26,000,000	13,862,500	213,921	4	19,000,000	12,000,040	93,724
Interest rate caps	1	5,000,000	3,000,060	9,461	-	-	-	-
Commodity swaps	1	3,204,000	3,204,000	(943,552)	2	5,067,972	4,769,856	1,956,702
Total	**6**	**34,204,000**	**20,066,560**	**(720,170)**	**6**	**24,067,972**	**16,769,896**	**2,050,426**

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84,134 (86.099 on 31 March 2021) - (source European Central Bank):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Liabilities and shareholder's equity		
Shareholders equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and shareholders' equity	**37,393.40**	**34,376.47**

Income Statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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

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

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

While there is some uncertainty about the definition of the subsidies that fall within the scope of application of the law, it is confirmed that the following funds were received during the year:

- General measures that can be used by all companies in application of current tax laws:
  - Use (in compensation) of the tax credit for investments in capital goods made pursuant to Law I.178/20, art. 1, paragraphs 1056-1057 (substitutive rules on super- and hyper-accelerated depreciation) recorded in previous years and the tax credits introduced by art. 15 of l. 4 of 2022 and art. 4 of l. 21 of 2022 and subsequent extensions for Euro 4.216.263;
- The grants for certain types of taxpayer based on their activity, such as that received in relation to the non-submission to excise duties for electricity (€ 89,208), pursuant to Legislative Decree 504/95 art. 52 paragraph 2;
- Grants received for research and development projects co-financed by the Ministry of Economic Development as part of the Sustainable Growth Fund - "Sustainable Industry" tender (for € 42,388 disbursed in the year as the final balance, from expenses incurred in previous years), by Finpiemonte/Regione Piemonte as part of the POR-FESR 2014-2020 funds (for a total of € 224,542 disbursed during the year for expenses incurred in previous years) and by the EU, as part of Horizon 2020 financed projects (for a total of € 233,508, of which € 111,047 charged against expenses already incurred, and for the difference discounted in the future, as it is an advance on grants for expenses foreseen in subsequent 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:

- general measures that can be used by all companies in application of current tax laws;
- benefits recorded in relation to the accrual of tax credits for research and development and innovation expenses pursuant to art. 1, paragraphs 198 - 209 of Law 160 of 27 December 2019, (impact on the income statement for a total of € 136,112, without any offsetting against taxes for the year)
- benefits recorded in relation to the accrual of tax credits on investments in capital goods (in relation to regulations such as Legislative Decree no. 91/2014 or Law 178/2020, art.1 (para. 1051-1063), for which the Company recorded income during the year for € 134,122, making use of it for € 682,196, including the amounts accrued in previous years, offsetting it against taxes for the year.

Proposed allocation of profits or coverage of losses

To the Shareholders,

In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 4,049,068 to "retained earnings".

Explanatory notes - closing section

To the Shareholders,

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 Company's financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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, 12/05/2023

For the Board of Directors

The Managing Director

Samuele Gabutto

ENDURANCE SPA

Head office: VIA REGIONE POZZO 26 CHIVASSO (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 01782370017
Turin Chamber of Commerce no. 518048
Share capital: € 5,000,000.00 subscribed and fully paid
VAT Number: 01782370017
Sole shareholder company
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Financial statements at 31/03/2023

Shareholders,

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

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

During the course of the financial year ended 31/03/2023, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The draft financial statements for the year ended 31/03/2023, 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 € 4,049,068, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022/23	FY 2021/22	Difference
FIXED ASSETS	94,880,711	76,004,880	18,875,831
CURRENT ASSETS	107,307,085	99,066,334	8,240,751
PREPAID EXPENSES AND ACCRUED INCOME	538,230	501,351	36,879
TOTAL ASSETS	202,726,026	175,572,565	27,153,461

Description	FY 2022/23	FY 2021/22	Difference
SHAREHOLDERS' EQUITY	87,287,693	81,442,853	5,844,840
PROVISION FOR RISKS AND CHARGES	2,365,380	1,421,828	943,552
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	2,515,430	2,277,173	238,257
PAYABLES	108,108,973	88,146,462	19,962,511
ACCRUED EXPENSES AND DEFERRED INCOME	2,448,550	2,284,249	164,301
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	202,726,026	175,572,565	27,153,461

Income Statement

Description	FY 2022/23	FY 2021/22	Difference
VALUE OF PRODUCTION	153,130,678	139,086,263	14,044,415
REVENUES FROM SALES OF GOODS AND SERVICES	148,700,331	131,673,014	17,027,317
PRODUCTION COST	147,994,816	137,208,678	10,786,138
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	5,135,862	1,877,585	3,258,277
RESULT BEFORE TAXES (A-B+-C+-D)	4,345,163	1,895,066	2,450,097
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	296,095	1,853,052-	2,149,147
PROFIT (LOSS) FOR THE YEAR	4,049,068	3,748,118	300,950

We have examined the draft financial statements for the year ended 31/03/2023, including the Report on Operations, in relation to which we point out the following.

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

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31/03/2022 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- Pursuant to art. 2426, paragraph 5 of the Italian Civil Code, we acknowledge that, with our consent, development costs have been recognised in balance sheet assets and we have verified that they met the recognition criteria of ascertainable future economic benefits;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at 31/03/2023 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 recovered.

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

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

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2022, as shown in the financial statements, is positive for € 4,049,068.

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 16/05/2023, we unanimously believe that there are no impediments to approval at the Shareholder's Meeting of the draft annual financial statements at 31/03/2023, as prepared and presented by the Directors.

Milan, 17/05/2023

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

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

Tel: +39 011 55971
www.deloitte.it

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

To the Sole Shareholder of
Endurance S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2023, 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, 2023 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, 2023 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 16, 2023

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

ENDURANCE ENGINEERING SRL

Head office: VIA MORANDI 9 GRUGLIASCO (Turin)
Tax Code, Turin Chamber of Commerce and Turin Companies Register No. 11081890011
Turin Business Register (REA) no. TO 1186114
Quota capital: € 100,000.00 subscribed and fully paid
VAT Number: 11081890011
Sole quota/shareholder company
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements at 31/03/2023

Quotaholders,
The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2023; this document provides information on the Company's situation and performance in compliance with art. 2428 of the Italian Civil Code. 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

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

The economic picture for the period 2022/2023 has been strongly conditioned by the geopolitical tensions deriving from the conflict between Russia and Ukraine. The introduction of more and more sanctions to stop the war led to a progressive reduction in energy supplies (gas, in particular) and other raw materials from Russia, causing a surge in prices due to the difficulties in quickly organising alternative sources of supply (due to typical structural constraints) and worries about not achieving adequate levels of storage. On European markets, the prices of gas and electricity (generated for a significant portion by gas-fired thermoelectric plants, also due to the lower contribution of generation from nuclear plants following the decommissioning of plants in Germany and suspension of the service for maintenance work in France) reached prices 10-14 times higher than historical averages for the summer months, with price increases starting as early as 2021.

The sudden hike in commodity prices rekindled inflationary pressures by inducing central banks to raise interest rates, abandoning the monetary stimulus measures applied up to now with their policy of zero or negative interest rates (in some countries).

These events have had repercussions on the economic performance of European countries, largely invalidating the post-Covid-19 recovery. The data released by the International Monetary Fund (IMF) say that growth in the world economy in 2022 was +3.4%, with the USA at +2.1%, China +3.0% and India +6.8%. Despite these difficulties, the European economy also managed to turn in a 3.5% increase in GDP (including Germany +1.8%, France +2.6% and Italy +3.7%) mainly thanks to the positive trend in the first part of the year.

With regard to the automotive sector, in the calendar year 2022, according to the figures published by ACEA (European Automobile Manufacturers' Association), new vehicle registrations in the world were the same as the previous year (66.2 million vehicles in 2022, as in 2021). Registrations fell by 4.6% in the European Union (9.255 million compared with 9.7 million in 2021) and by -9.2% in the USA, offset by the positive trend in China (+7.6% with 21.7 million compared with

20.2 million) and India (+23.1% but with a total market of only 3.8 million vehicles). In the European Union, battery electric vehicles (BEVs) achieved a market share of 12.1%, plug-in hybrids (PHEVs) 9.4% and HEV hybrids (including mild hybrids) 22.6%. Conversely, traditional internal combustion vehicles fell to a market share of 52.8% (of which petrol 36.4% and diesel 16.4%)

Registrations in the European Union for the same period as the financial year (April '22 - March '23) increased by 2.9%, highlighting a positive figure especially in the last quarter (from January to March 2023), which saw growth by almost 18% compared with the equivalent period of the previous year. So the trend is still positive, given the general difficulties of the period, but almost 24% away from pre-pandemic volumes (2018/2019).
The VW group, the main manufacturer with a share of almost a third of the EU market, achieved growth in registrations of +4.3%, Mercedes of +6.5% and Renault of +3.6%, while Stellantis fell by -5.2%, BMW by -0.6%.
According to the results of S&P Global Mobility released by ACEA, world car production has increased by 7.9% with growth in the European Union (+7.1% to 10.7 million vehicles), USA (+11.7%, to 7.1 million vehicles), China (+11.7% to 23.2 million vehicles) and India (+21.6% to 4.3 million vehicles). Germany is again the leading car producer with 3.3 million vehicles, almost 31% of output in the European Union.

Due to the turbulence in the European energy market, compared with the historical cost of energy (up to 2020), electricity prices increased by 250% in 2022 and by a further 63% in 2023 compared with 2022 (for a combined effect of +460%), while gas prices increased by 300% in 2022 and by a further +70% in 2023 compared with 2022 (for a combined effect of +600%). This conditioned company performances given that the prompt action taken and external support made it possible to contain further negative effects of last year's energy rise, but not a complete recovery of the effects suffered during the previous period, which continued to have an impact on company results.

The customer trend was very heterogeneous with some customers growing significantly, while others reported disappointing turnover, especially when compared with the resources employed. Despite the effects of this lack of homogeneity, with the measures put in place, it was possible to achieve a positive result overall.

Key events

No significant events occurred in the year just ended that need to be brought to your attention.

Management control 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 and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October 2016.

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 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 2023	%	FY 2022	%	Change	% Change
WORKING CAPITAL	**8,607,851**	**81.63%**	**8,060,753**	**79.02%**	**547,098**	**6.79%**
Immediate liquidity	**1,987,948**	**18.85%**	**2,856,094**	**28.00%**	**(868,146)**	**(30.40%)**
Cash and cash equivalents	1,987,948	18.85%	2,856,094	28.00%	(868,146)	(30.40%)
Deferred liquidity	**4,014,314**	**38.07%**	**3,181,625**	**31.19%**	**832,689**	**26.17%**
Current receivables included in working capital	2,475,573	23.48%	2,114,095	20.72%	361,478	17.10%
Financial assets	1,454,153	13.79%	989,446	9.70%	464,707	46.97%
Accrued income and prepaid expenses	84,588	0.80%	78,084	0.77%	6,504	8.33%
Inventories	**2,605,589**	**24.71%**	**2,023,034**	**19.83%**	**582,555**	**28.80%**
FIXED ASSETS	**1,936,860**	**18.37%**	**2,140,540**	**20.98%**	**(203,680)**	**(9.52%)**
Intangible assets	659,165	6.25%	739,280	7.25%	(80,115)	(10.84%)
Tangible assets	861,577	8.17%	1,040,150	10.20%	(178,573)	(17.17%)
Long-term financial assets	5	0.00%	5	0.00%	-	-
Non-current portion of receivables included in working capital	416,113	3.95%	361,105	3.54%	55,008	15.23%
CAPITAL EMPLOYED	**10,544,711**	**100.00%**	**10,201,293**	**100.00%**	**343,418**	**3.37%**

Balance Sheet - Liabilities and Equity

Item	FY 2023	%	FY 2022	%	Change	% Change
MINORITY INTEREST	**4,864,557**	**46.13%**	**4,214,785**	**41.32%**	**649,772**	**15.42%**
Current liabilities	**4,611,195**	**43.73%**	**3,911,431**	**38.34%**	**699,764**	**17.89%**
Current payables	4,213,081	39.95%	3,826,640	37.51%	386,441	10.10%
Accrued expenses and deferred income	398,114	3.78%	84,791	0.83%	313,323	369.52%
Non-current liabilities	**253,362**	**2.40%**	**303,354**	**2.97%**	**(49,992)**	**(16.48%)**
Non-current payables	-	-	63,896	0.63%	(63,896)	(100.00%)
Provision for risks and charges	-	-	421	0.00%	(421)	(100.00%)
Employee termination indemnities	253,362	2.40%	239,037	2.34%	14,325	5.99%
EQUITY	**5,680,154**	**53.87%**	**5,986,508**	**58.68%**	**(306,354)**	**(5.12%)**
Quota capital	100,000	0.95%	100,000	0.98%	-	-
Reserves	1,920,145	18.21%	1,919,680	18.82%	465	0.02%
Retained earnings (accumulated losses)	2,966,828	28.14%	3,298,291	32.33%	(331,463)	(10.05%)
Net income (loss) for the year	693,181	6.57%	668,537	6.55%	24,644	3.69%
SOURCES OF FINANCE	**10,544,711**	**100.00%**	**10,201,293**	**100.00%**	**343,418**	**3.37%**

Key indicators of financial position

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

RATIO	FY 2023	FY 2022	% Change
Fixed asset coverage	373.51%	336.43%	11.02%
Banks/Working capital	0.04	0.12	-67.58%
Debt ratio	186.67%	206.08%	-9.42%
Financial debt ratio	4,412,769	4,510,427	-2.17%
Equity/Capital employed	(15,834,254)	2,126,288	-844.69%
Financial charges/Turnover	0.71%	7.86%	-90.91%
Current ratio	53.87%	58.68%	-8.20%
Fixed assets/Equity	4,159,407	4,207,073	-1.13%
Primary coverage ratio	3.90	3.53	10.53%
(Equity + non current liabilities) - Fixed assets	130.17%	154.36%	-15.67%
Secondary coverage ratio	0.86	0.7	22.34%
Net working capital	0.21%	0.21%	2.05%
Acid test margin	3.74	3.36	11.16%
Acid test ratio	3,996,656	4,149,322	-3.68%

Results

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

Income Statement

Item	FY 2022-2023	%	FY 2021-22	%	Change	% Change
VALUE OF PRODUCTION	**14,137,699**	**100.00%**	**11,784,089**	**100.00%**	**2,353,610**	**19.97%**
- Consumption of raw materials	7,521,763	53.20%	5,265,397	44.68%	2,256,366	42.85%
- General expenses	2,177,555	15.40%	2,033,256	17.25%	144,299	7.10%
VALUE ADDED	**4,438,381**	**31.39%**	**4,485,436**	**38.06%**	**(47,055)**	**(1.05%)**
- Payroll costs	3,036,536	21.48%	2,825,834	23.98%	210,702	7.46%
- Provisions	-	-	-	-	-	#DIV/0!
GROSS OPERATING MARGIN	**1,401,845**	**9.92%**	**1,659,602**	**14.08%**	**(257,757)**	**(15.53%)**
- Depreciation, amortisation and writedowns	449,096	3.18%	688,291	5.84%	(239,195)	(34.75%)
- Other operating expenses	113,575	0.80%	191,406	1.62%	(77,831)	(40.66%)
INCOME BEFORE FINANCIAL ITEMS	**839,174**	**5.94%**	**779,905**	**6.62%**	**59,269**	**7.60%**
+ Financial items	(26,657)	(0.19%)	(22,480)	(0.19%)	(4,177)	18.58%
INCOME BEFORE TAX	**812,517**	**5.75%**	**757,425**	**6.43%**	**55,092**	**7.27%**
- Taxation	119,336	0.84%	88,888	0.75%	30,448	34.25%
NET INCOME	**693,181**	**4.90%**	**668,537**	**5.67%**	**24,644**	**3.69%**
EBITDA	**1,288,270**	**9.11%**	**1,468,196**	**12.46%**	**(179,926)**	**(12.25%)**

Key performance indicators

The following ratios have been calculated on the basis of the above reclassified figures:

RATIO	FY 2023	FY 2022	% Change
R.O.E.	12.20%	11.17%	9.28%
R.O.I.	36.45%	27.89%	30.71%
R.O.S.	5.97%	6.47%	(7.61%)
R.O.A.	7.96%	7.65%	4.10%

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, the inflation trend and their effects on the level of confidence shown by consumers and businesses can condition the sales performance of end customers and hence that of the Company.
There are also further elements of uncertainty linked to geopolitical tensions, in particular the crisis between Russia and Ukraine. The persistence of international sanctions has also continued to fuel uncertainties about the trend in prices for energy commodities (which settled at levels much higher than the historical reference levels prior to the pandemic and international market crises), raw materials (especially metals) and agricultural produce with repercussions on consumer prices and growth prospects for the Eurozone. These elements of uncertainty could alter normal market dynamics and, more generally, business operating conditions, with the risk of undermining the reliability of the growth forecasts for the Eurozone in the near future.

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.
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 on the purchasing power and buying decisions of end consumers.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

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

- credit risk in relation to normal commercial transactions with customers;
- 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 that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risk

Given the nature of its industrial activities - the production of plastic engine 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 risk

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 risk

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 uses financial resources made available principally in the form of bank debt and invests the funds to finance operations and investment and development initiatives. The Company can also factor its trade receivables. Changes in market interest rates impact the cost of various types of financing and factoring, which in turn affect the level of the Company's financial charges.
To cope with these risks, the Company strives to maintain a suitable relationship between its financing structure and its capital employed, in line with the opportunities on offer and actual market conditions.
For this purpose, the Company has appropriately structured floating-rate loans with medium/long-term repayment terms, in the presence of favourable conditions (with the aim of managing the current unfavourable conditions and strong 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 (the Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations

Key non-financial indicators

Pursuant to Art. 2428 of the Italian Civil Code, 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 considered meaningful to present non-financial indicators.

Information on the environment and safety at work

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

Work continued during the year ended 31 March 2023 on the monitoring and maintenance of adequate environmental protection standards, in compliance with the requirements of ISO 14001:2015 on environmental management systems, and of occupational health and safety pursuant to ISO 45001:2018.

Employee training sessions covered the following topics: specific job training in compliance with the criteria of the State - Regions Agreement of December 2011, updating and specific training for the persons in charge of safety at work, update for First Aid and Emergency Teams staff (including how to use an external automatic defibrillator), Workers' Safety Representative training update and a course on driving and using forklift trucks.
Simulations were carried out of emergency scenarios, such as fire, evacuation, illness with the participation of the staff.

The Risk Assessment Document and the Environmental Impact Register were periodically updated with the identification and analysis of risks and opportunities, introducing criteria for handling emergencies of an environmental or worker safety nature according to appropriate procedures, in order to identify and define the actions needed to prevent future accidents.

Interventions in the environmental and safety field include (a) laying a new floor for the raw materials warehouse, (b) making improvements to buildings to increase fire resistance to reduce the risk of fire, (c) modernising the dust extraction system in the scrap grinding area and (d) installing parabolic mirrors in areas with poor visibility.

Personnel

The Company's average workforce during the year rose to 55 employees from the prior year figure of 54. The workforce at the end of the year consisted of 54 people.

During 2022-2023, the main training events covered the following topics:

- a specific refresher course in accordance with the State-Regions Agreement of December 2011
- a specific refresher course for those who have to monitor workers' compliance with the rules on health and safety at work
- a refresher course for first aid and emergency team workers
- a refresher course for forklift truck drivers;
- CAD, IATF, foreign languages training courses

The courses delivered - covering the environment, safety and other topics - involved the workforce in a total of 726 hours of activities, carried out both internally and externally (in addition to the OTJ training support provided).
In the second half of the year, when there was a production slowdown, the Company resorted to social safety nets to deal with production stoppages and the lower level of activity.

Research and development

Pursuant to art. 2428, paragraph 3, point 1 of the Italian Civil Code, we certify that development and technological innovation activities were carried out during the financial year without capitalising any of the costs.

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 current assets:

Description	FY 2023	FY 2022	Change
from parent companies	-	12,414	(12,414)
from fellow subsidiaries	125,981	80,347	45,634
Total	*125,981*	*92,761*	*33,220*

The amount receivable from fellow subsidiaries (€ 125,981 at 31 March 2023) relates to the trade receivables due from Endurance S.p.A. .

Payables to and loans from affiliates

Description	FY 2023	FY 2022	Change
due to parent companies	149,934	60,705	89,229
due to fellow subsidiaries	7,178	21,999	(14,821)
Total	*157,112*	*82,704*	*74,408*

Payables due to parent companies at 31 March 2023 (€ 149,934) are due to Endurance Overseas S.r.l. and 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, 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, we can confirm that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The last quarter of the calendar year 2022 showed a marked slowdown in GDP in all western economies. For 2023, the International Monetary Fund forecasts world economic growth of 2.8%, which drops to 1.6% for the USA and 0.8% for the Eurozone (including -0.1% for Germany and +0.7% for France and Italy).

The growing weight of the cost of living and higher financial charges is weakening the purchasing power of consumers and the investment possibilities of businesses. It will depend on Central Banks to balance monetary policy tools appropriately and ensure that the sudden increase in rates needed to contain the increase in prices does not turn into a severe recession or "hard landing".

Having reached 11% in the latter part of 2022, there are signs of inflation slowing down in many European countries as energy prices have recently fallen significantly compared with the dramatic peaks of 2022, but they are still much higher than they were pre-2020 (2-3 times). A return to prior conditions is hard to foresee in the near future, given that geopolitical tensions do not seem destined to ease, also due to the lack of concrete solutions that could bring an end to the war, as everyone hopes.

For the time being, there is still a general sense of uncertainty which makes it hard to imagine how the various scenarios deriving from the geopolitical crisis could affect the fate of the world economy and what the repercussions might be for the automotive sector. If conditions remain oriented towards normality, the company expects to achieve positive results in the coming financial 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 a CAP contracts in relation to a m/l term loan.

Conclusion

In light of the considerations set out above and of the disclosures made in the notes, we invite the quota/shareholders:
- to approve the financial statements at 31/03/2023 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Grugliasco, 11/05/2023

For the Board of Directors

The Managing Director

Fabrizio Rebuffo

General information on the company

Company data

Name:	ENDURANCE ENGINEERING SRL
Registered office:	VIA MORANDI 9 GRUGLIASCO TO
Quota capital:	100,000.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	11081890011
Tax code:	11081890011
REA Number:	1186114
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	222909
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination:	yes
Name of the company or entity that exercises management control and coordination:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2023

Balance sheet

	31/03/2023	31/03/2022
Assets		
B) Fixed assets		
I - Intangible assets	-	-
3) Industrial patents and intellectual property rights	28,895	6,003
7) Other	630,270	733,277
Total intangible assets	*659,165*	*739,280*
II - Tangible assets	-	-

	31/03/2023	31/03/2022
1) Land and buildings	6,316	8,205
2) Plant and machinery	704,292	867,096
3) Industrial and commercial equipment	74,170	86,455
4) Other assets	76,799	78,394
Total tangible assets	*861,577*	*1,040,150*
III - Long-term financial assets	-	-
1) Equity investments in	-	-
d-bis) other companies	5	5
Total equity investments	*5*	*5*
Total long-term financial assets	*5*	*5*
Total fixed assets (B)	*1,520,747*	*1,779,435*
C) Current assets		
I - Inventories	-	-
1) Raw materials, ancillary materials and consumables	1,581,148	1,010,857
2) Work in process and semi-finished products	77,934	59,471
4) Finished products and goods	946,507	952,706
Total inventories	*2,605,589*	*2,023,034*
II - Receivables	-	-
1) from customers	1,428,365	1,287,332
due within one year	1,428,365	1,287,332
4) from parent companies	-	12,414
due within one year	-	12,414
5) from fellow subsidiaries	125,981	80,347
due within one year	75,981	80,347
due beyond one year	50,000	-
5-bis) tax receivables	473,980	302,735
due within one year	473,980	302,735
5-ter) deferred tax assets	366,113	361,105
5-quater) due from others	497,437	431,267
due within one year	497,247	431,267
Total receivables	*2,891,686*	*2,475,200*
III - Current financial assets	-	-
derivatives	190	-
treasury management assets	1,453,963	989,446
Total current financial assets	*1,454,153*	*989,446*

	31/03/2023	31/03/2022
IV - Cash and cash equivalents	-	-
1) Bank and postal deposits	1,987,673	2,855,437
3) Cash on hand	275	657
Total cash and cash equivalents	*1,987,948*	*2,856,094*
Total current assets (C)	*8,939,376*	*8,343,774*
D) Accrued income and prepaid expenses	**84,588**	**78,084**
Total assets	*10,544,711*	*10,201,293*
Liabilities and quotaholders' equity		
A) Quotaholders' equity	**5,680,154**	**5,986,508**
I - Quota capital	100,000	100,000
IV - Legal reserve	20,000	20,000
VI - Other reserves, shown separately	-	-
Paid in for future capital increase	1,900,000	1,900,000
Total other reserves	*1,900,000*	*1,900,000*
VII - Cash flow hedging reserve	145	(320)
VIII - Retained earnings (accumulated losses)	2,966,828	3,298,291
IX - Net income (loss) for the year	693,181	668,537
Total quotaholders' equity	5,680,154	5,986,508
B) Provision for risks and charges		
3) derivatives	-	421
Total provisions for risks and charges	*-*	*421*
C) Employee termination indemnities	**253,362**	**239,037**
D) PAYABLES		
4) Due to banks	63,896	655,706
due within one year	63,896	591,810
due beyond one year	-	63,896
7) Trade payables	2,535,294	2,227,457
due within one year	2,535,294	2,227,457
11) due to parent companies	149,934	60,705
due within one year	149,934	60,705
11-bis) due to fellow subsidiaries	240,213	21,999
due within one year	240,213	21,999
12) tax payables	140,666	55,878
due within one year	140,666	55,878
13) due to pension and social security institutions	170,336	181,221

	31/03/2023	31/03/2022
due within one year	170,336	181,221
14) other payables	912,742	687,570
due within one year	912,742	687,570
Total payables	*4,213,081*	*3,890,536*
E) Accrued expenses and deferred income	**398,114**	**84,791**
Total liabilities and quotaholder's equity	*10,544,711*	*10,201,293*

Income statement

	31/03/2023	31/03/2022
A) Value of production		
1) Revenues from sales of goods and services	13,845,664	11,830,687
2) Change in inventories of work in progress, semi-finished and finished products	92,260	(275,483)
5) Other income and revenues	-	-
Operating grants	175,745	31,976
Other	24,030	196,909
Total other income and revenues	*199,775*	*228,885*
Total value of production	*14,137,699*	*11,784,089*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	8,012,059	5,332,683
7) services	1,864,317	1,751,455
8) lease and rental charges	313,238	281,801
9) payroll	-	-
a) wages and salaries	2,241,704	2,041,796
b) social contributions	620,931	644,857
c) employee termination indemnities	144,461	138,682
e) other costs	29,440	499
Total payroll costs	*3,036,536*	*2,825,834*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible assets	185,894	144,431
b) depreciation of tangible assets	250,990	543,860
d) writedowns of current receivables and liquid funds	12,212	-
Total depreciation, amortisation and writedowns	*449,096*	*688,291*
11) change in inventory of raw and ancillary materials, consumables and goods	(490,296)	(67,286)

	31/03/2023	31/03/2022
14) other operating expenses	113,575	191,406
Total cost of production	*13,298,525*	*11,004,184*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**839,174**	**779,905**
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income	-	-
d) income other than the above	-	-
Other	3,016	20
Total income other than the above	*3,016*	*20*
Total other financial income	*3,016*	*20*
17) interest and other financial charges	-	-
Other	29,673	24,617
Total interest and other financial charges	*29,673*	*24,617*
Total financial income and charges (15+16-17+-17-bis)	*(26,657)*	*(24,597)*
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	-	2,117
Total revaluations	*-*	*2,117*
Total adjustments to financial assets and liabilities (18-19)	*-*	*2,117*
Income (loss) before taxes (A-B+-C+-D)	**812,517**	**757,425**
20) Income taxes for the year, current and deferred		
current taxation	29,633	20,550
taxation relating to prior years	55,205	1,011
deferred taxation	(5,155)	25,542
income (charges) from tax consolidation/tax transparency	(39,653)	(41,785)
Total income taxes for the year, current and deferred	*119,336*	*88,888*
21) Net income (loss) for the year	**693,181**	**668,537**

Statement of cash flows (indirect method)

	Amount at 31/03/2023	Amount at 31/03/2022
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	693,181	668,537
Taxation	119,336	88,888
Interest expense/(interest income)	26,657	24,597
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*839,174*	*782,022*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	17,245	12,231
Depreciation and amortisation of fixed assets	436,884	688,291
Writedowns for permanent losses	12,212	
Adjustments to financial assets and liabilities of financial derivatives that do not involve monetary movements		(320)
Total adjustments for non-cash items that had no contra-entry in net working capital	*466,341*	*700,202*
2) Cash flow before changes in net working capital	*1,305,515*	*1,482,224*
Change in net working capital		
Decrease/(Increase) in inventory	(582,555)	214,397
Decrease/(Increase) in trade receivables	(198,879)	(106,107)
Increase/(Decrease) in trade payables	382,245	(604,611)
Decrease/(Increase) in accrued income and prepaid expenses	(6,504)	(4,807)
Increase/(Decrease) in accrued expenses and deferred income	313,323	70,478
Other decreases/(Other Increases) in net working capital	158,056	(262,153)
Total changes in net working capital	*65,686*	*(692,803)*
3) Cash flow after changes in net working capital	*1,371,201*	*789,421*
Other adjustments		
Interest collected/(paid)	(26,657)	(24,597)
(Income taxes paid)	25,174	36,563
(Use of provisions)	(3,341)	(5,356)
Total other adjustments	*(47,745)*	*6,610*
Cash flow from operating activities (A)	***1,366,377***	***796,031***
B) Cash flows from investing activities		
Tangible assets		
(Additions)	(105,779)	(392,608)
Intangible assets		
(Additions)	(72,417)	(535,706)

	Amount at 31/03/2023	Amount at 31/03/2022
Current financial assets		
(Additions)	(464,517)	
Disposals		161,637
Cash flow from investing activities (B)	***(642,713)***	***(766,677)***
C) Cash flows from financing activities		
Third-party funds		
(Repayment of loans)	(591,810)	(652,833)
Own funds		
(Dividends and interim dividends paid)	(1,000,000)	
Cash flow from financing activities (C)	***(1,591,810)***	***(652,833)***
Increase (decrease) in cash and cash equivalents (a ± b ± c)	***(868,146)***	***(623,479)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	2,855,437	3,479,551
Cash on hand	657	22
Total cash and cash equivalents at the beginning of the year	2,856,094	3,479,573
Cash and cash equivalents at the end of the year		
Bank and postal deposits	1,987,673	2,855,437
Cash on hand	275	657
Total cash and cash equivalents at the end of the year	1,987,948	2,856,094

Information on the statement of cash flows

The statement of cash flows 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 "Increase (Decrease) in non-current financial assets" relates to the change in the treasury management (cash pooling) account managed by Endurance Overseas S.r.l., which increased during the year by € 464,517.

Explanatory notes - first part

Quotaholders,

These notes are an integral part of the financial statements for the year ended 31 March 2023.

The financial statements submitted for your approval report net income of € 693,181, after taxes of € 119,336 and depreciation and amortisation of € 436,884

Form and content of the financial statements

The financial statements for the year ended 31 March 2023 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

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

However, while there was an easing of the pandemic emergency which led to the progressive restoration of pre-crisis working conditions, the situation was aggravated because of the effect of the conflict in Ukraine with serious consequences on the persistence of the extraordinary rise in the prices of energy and raw materials seen mainly in the first half of the year. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. The sharp rise in energy prices was only partially mitigated by the measures put in place

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 notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Italian Civil Code.

The accounting policies 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 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 of the Italian Civil Code, 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 asset or liability 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.

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, it is hereby confirmed 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

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

Accounting policies

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

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

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

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

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

Intangible assets	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Industrial patents 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 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, the asset is written down accordingly, regardless of the amortisation already recorded; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

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

Tangible assets

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

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 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 (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 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 long-term financial assets)

The equity investments and debt securities classified as non-current 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 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.

Derivatives

Derivatives consist of financial assets and liabilities measured at fair value.

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

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

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in equity (under the “Reserve for cash flow hedges”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to 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 derivatives if, and only if:

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

Revenues

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

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

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

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

Costs

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

Dividends

Dividends are recognised in the year in which they are declared by the quotaholders' meeting.

Financial income and charges

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

Taxation

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

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

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

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

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

Also for the year under review the Company forms part of the Endurance domestic tax group pursuant to arts. 117/129 of the Consolidated Tax Act (T.U.I.R.)

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

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

Translation of foreign currency items

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

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

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

Intangible assets

"Intangible assets" total € 659,165 at 31 March 2023, after charging amortisation of € 185,894 to the income statement

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

Movements in intangible assets

	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	2,788	57,726	1,800,000	1,004,105	2,864,619
Amortisation (Accumulated amortisation)	2,788	51,723	1,620,000	270,828	1,945,339
Writedowns	-	-	180,000	-	180,000
Carrying amount	-	6,003	-	733,277	739,280
Changes during the year					
Additions	-	26,135	-	79,644	105,779
Amortisation for the year	-	3,243	-	182,651	185,894
Total changes	-	*22,892*	-	*(103,007)*	*(80,115)*
Balance at the end of the year					
Cost	2,788	83,861	1,800,000	1,183,750	3,070,399
Amortisation (Accumulated amortisation)	2,788	54,966	1,620,000	553,480	2,231,234
Writedowns	-	-	180,000	-	180,000
Carrying amount	-	28,895	-	630,270	659,165

The increases recognised during the year refer, for € 26,135, to the acquisition of new software licences and for € 79,644 to improvements to the building in Via Morandi, Grugliasco (TO), managed under a rental contract with Endurance S.p.A., which owns it.

Considering the latest forward-looking scenarios and the current situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. The adjustment of goodwill in prior years (fully amortised at 31 March 2019), indicated in the above table, was not a reflection of impairment, but rather of a change in its useful life following a revision of the expected time needed to develop the business.

Tangible assets

Gross tangible assets total € 3,202,628 at 31 March 2023. The related accumulated depreciation totals € 2,341,051, including the depreciation charge for the year of € 250,990.

Movements in tangible assets

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

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total tangible assets
Balance at the beginning of the year					
Cost	18,885	2,436,923	453,285	223,693	3,132,786
Depreciation (Accumulated depreciation)	10,680	1,569,827	366,830	145,299	2,092,636
Carrying amount	8,205	867,096	86,455	78,394	1,040,150
Changes during the year					
Additions	-	33,405	19,072	19,940	72,417
Depreciation for the year	1,889	196,209	31,357	21,535	250,990
Total changes	*(1,889)*	*(162,804)*	*(12,285)*	*(1,595)*	*(178,573)*
Balance at the end of the year					
Cost	18,885	2,470,328	469,784	243,633	3,202,630
Depreciation (Accumulated depreciation)	12,569	1,766,036	395,614	166,834	2,341,053
Carrying amount	6,316	704,292	74,170	76,799	861,577

The increases recorded during the year refer to purchases to continue implementation and integration of the new production lines installed at the Grugliasco plant.

With specific reference to the assessment of the impairment indicators resulting from the health emergency, in response also to the request of the group to which they belong, a careful analysis of the prospective financial flows was made and, on the basis of the information currently available, we reached the conclusion that it was not necessary to make any write-downs pursuant to art. 2426 paragraph 1.3 of the Italian Civil Code as the presence of indicators of potential impairment of tangible fixed assets was assessed, without identifying any, as required by OIC 9.

Finance leases

The Company is not party to any finance lease contracts at the balance sheet date.

Long-term financial assets

All the equity investments recorded in the financial statements are stated at cost, where cost is understood as the expense incurred for the purchase, regardless of the manner of payment, including 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 € 2,605,589 at 31 March 2023 (€ 2,023,034 at 31 March 2022) and are stated net of an allowance for obsolete and slow-moving items totalling € 110,925, which was utilised for € 20,261 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	1,010,857	570,291	1,581,148
work in process and semi-finished products	59,471	18,463	77,934
finished products and goods	952,706	(6,199)	946,507
Total	*2,023,034*	*582,555*	*2,605,589*

The market value of inventories has not fallen below their carrying amounts as a result of cancellation of sales orders.

Current receivables

Current receivables total € 2,891,876 at 31 March 2023 and have increased since 31 March 2022 (€ 2,475,200), as shown in the following table.

They are shown at their estimated realisable value as application of the amortised cost or discounting methods would not have been suitable for providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	1,287,332	141,033	1,428,365	1,428,365	-
Receivables due from parent companies	12,414	(12,414)	-	-	-
Receivables due from fellow subsidiaries	80,347	45,634	125,981	75,981	50,000
Tax receivables	302,735	171,245	473,980	473,980	-
Deferred tax assets	361,105	5,008	366,113	-	-
Other receivables	431,267	66,170	497,437	497,437	-
Total	**2,475,200**	**416,676**	**2,891,876**	**2,475,763**	**50,000**

The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 20,922, which had the following changes during the year:

	Balance at the beginning of the year	Provisions for the year	Utilisations	Balance at the end of the year
Allowance for doubtful accounts	23,432	12,212	(14,722)	20,922
Total	**23,432**	**12,212**	**(14,722)**	**20,922**

Receivables from fellow subsidiaries (€ 125,981 at 31 March 2023) refer, for the short-term portion, to trade receivables mainly due from Endurance S.p.A. and for the long-term portion to guarantees paid in relation to the lease contract for the Grugliasco plant (owned by Endurance S.p.A.).

Tax receivables (€ 473,980 at 31 March 2023) mainly refer to concessions for Eco-bonuses, Credits for Investments in new capital goods, both ordinary and industry 4.0, and related tax credits intended for "non-energy-intensive" companies.

Deferred tax assets (€ 366,113 at 31 March 2023) 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 and in the current year.

Receivables from others (€ 497,437 at 31 March 2023) mainly refer to advances paid to suppliers.

Breakdown of current receivables by geographical area

A breakdown by geographical area of receivables has not been provided as the information is not significant, given that almost all receivables are due from domestic customers.

Current financial assets

Movements in current financial assets

Pursuant to article 2423-ter, paragraph 3 of the Italian Civil Code, and having verified the short-term due dates as foreseen in OIC 14, the Company recorded the positive mark-to-market adjustment of the derivatives outstanding at the year-end and the receivable from Endurance Overseas Srl, the company that manages the Group's cash pooling system on the basis of an agreement that the Company signed during the year, under item C.3.7. "Current financial assets".

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Derivatives	-	190	190
Treasury management assets	989,446	464,517	1,453,963
Total	**989,446**	**464,707**	**1,454,153**

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	2,855,437	(867,764)	1,987,673
Cash on hand	657	(382)	275
Total	*2,856,094*	*(868,146)*	*1,987,948*

This item principally comprises the balance on bank current accounts at 31 March 2023.

See the statement of cash flows for further analysis of the changes during the year.

Accrued income and prepaid expenses

Prepaid expenses at 31 March 2023 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	78,084	6,504	84,588
Total accrued income and prepaid expenses	**78,084**	**6,504**	**84,588**

This item relates to prepaid rentals, services and insurance premiums.

Capitalised financial charges

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

Explanatory notes - liabilities and quotaholders' equity

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

Equity

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

Changes in equity items

With reference to the year just ended, the table below sets out changes in the components of quotaholders' equity, as well as details of other reserves, if any.

The changes in the Company's equity items in the year prior to the year under review (as of 31/03/2022) are as follows:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Other changes - Decreases	Result for the year	Balance at the end of the year
Quota capital	100,000	-	-	-	-	100,000
Legal reserve	20,000	-	-	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	-	-	1,900,000
Cash flow hedging reserve	-	-	-	320	-	(320)
Retained earnings (accumulated losses)	2,675,109	623,181	1	-	-	3,298,291
Net income (loss) for the year	623,181	(623,181)	-	-	668,537	668,537
Total	**5,318,290**	**-**	**1**	**320**	**668,537**	**5,986,508**

The changes in the Company's equity items in the year ended 31/03/2023 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	Other changes - Increases	Result for the year	Balance at the end of the year
Quota capital	100,000	-	-	-	-	100,000
Legal reserve	20,000	-	-	-	-	20,000
Paid in for future capital increase	1,900,000	-	-	-	-	1,900,000
Cash flow hedging reserve	(320)	-	-	465	-	145
Retained earnings (accumulated losses)	3,298,291	(1,000,000)	668,537	-	-	2,966,828
Net income (loss) for the year	668,537	-	(668,537)	-	693,181	693,181
Total	**5,986,508**	**(1,000,000)**	**-**	**465**	**693,181**	**5,680,154**

Availability and use of quotaholders' equity

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

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Quota capital	100,000	Quota capital		-
Legal reserve	20,000	Revenue	B	-
Paid in for future capital increase	1,900,000	Quota capital	A;B	1,900,000
Cash flow hedging reserve	145			-
Retained earnings (accumulated losses)	2,966,828	Revenue	A;B;C	2,966,828
Total	**4,986,973**			**4,866,828**
Amount not distributable				366,113
Residual amount distributable				4,500,715
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.

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

Changes in the cash flow hedging reserve during the year are detailed below:

	Interest rate swaps
Gross carrying amount of the reserve at 31 March 2022	**(421)**
Deferred tax liabilities	101
Net carrying amount of the reserve at 31 March 2022	**(320)**
Fair value change in derivatives (effective component), net of reversals to the income statement on closure of the underlying transactions	611
Gross carrying amount of the reserve at 31 March 2023	**190**
Deferred tax liabilities	(45)
Net carrying amount of the reserve at 31 March 2023	**145**

Provisions for risks and charges

The following table shows the changes that took place during the year when it was reduced to zero in relation to the mark-to-market adjustment of derivatives at 31/03/2023.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Changes during the year - Total
Derivatives	421	421	(421)	-
Total	**421**	**421**	**(421)**	**-**

Employee termination indemnities

Changes in the provision for employee termination indemnities are shown in the following table.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	239,037	14,336	11	14,325	253,362

The provision shown in the table relates entirely to revaluation of the employee termination indemnities still held by the Company. The majority of the charge to the income statement (item B9 c)) relates to current termination indemnities earned and allocated to the INPS treasury fund, Previndai, Fondo Cometa and the supplementary pension funds chosen, where applicable, by the employees concerned.

Payables

Payables total € 4,213,081 at 31 March 2023 (€ 3,890,536 al 31 March 2022).

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	655,706	(591,810)	63,896	63,896	-
Trade payables	2,227,457	307,837	2,535,294	2,535,294	-
Payables due to parent companies	60,705	6,003	149,934	149,934	-
Payables due to fellow subsidiaries	21,999	218,214	240,213	240,213	-
Tax payables	55,878	84,788	140,666	140,666	-
Due to pension and social security institutions	181,221	(10,885)	170,336	170,336	-
Other payables	687,570	225,172	912,742	912,742	-
Total	**3,890,536**	**239,319**	**4,213,081**	**4,213,081**	**-**

Payables to banks include the short-term portion (equal to €63,896) of amounts due for outstanding loans with leading credit institutions.

The reduction compared with the previous year is determined by the repayments made on contractual maturities during the year for a nominal amount of € 591,810 and by the change in the adjustment of liabilities at amortised cost.

The following is a breakdown of medium-term loans and their maturities (for which the liabilities are accounted for using the amortised cost approach):

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2023	Within one year	Beyond one year
UNICREDI	1,000,000	19/04/2019 - 4	63,901	63,901	-
Amortised cost adjustment			(5)	(5)	-
Total	**1,000,000**		**63,896**	**63,896**	**-**

Payables due to parent companies at 31 March 2023 (€ 149,934) include trade payables to Endurance Overseas S.r.l. 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. (including advances received).

Tax payables mainly include amounts due for withholding taxes and the balance of the VAT payable at the balance sheet date.

Other payables mainly include the amount due to employees for wages and salaries to be paid and accrued deferred remuneration (€ 386,742), as well as advances from customers (€ 282,900) and sundry payables.

There have not been any changes in the amount or conditions of payment of payables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Debt secured by collateral on company assets

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

Loans from quotaholders

The company has not received any loans from its quota/shareholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	84,791	313,323	398,114
Total accrued expenses and deferred income	**84,791**	**313,323**	**398,114**

Deferred income includes the portions pertaining to subsequent years of contributions and income, including those relating to the concessions related to the so-called "Ecobonus 2021" provisions pursuant to Law 178 of 30 December 2020, and investments in new capital assets made pursuant to Law 178/2020, the recognition of which led to the change recorded during the year.

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 in2022-2023 is analysed below with comparative figures:

Description	FY 2022-2023	FY 2021-22	% Change Absolute
Revenues from sales of goods and services	13,845,664	11,830,687	2,014,977
Changes in inventories of work in progress, semi-finished and finished products	92,260	(275,483)	367,743
Other revenues	199,775	228,885	(29,110)
Total	**14,137,699**	**11,784,089**	**2,353,610**

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 in the automotive sector:

Geographical area	FY 2022-2023	Weight %	FY 2021-22	Weight %
ITALY	13,247,272	96%	11,575,321	98%
OTHER EUROPEAN COUNTRIES	531,693	4%	177,632	2%
NON-EU COUNTRIES	66,699	0%	77,734	1%
Total	**13,845,664**		**11,830,687**	

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	FY 2022-23	FY 2021-22	Change
Cost of raw and ancillary materials, consumables and goods for resale	8,012,059	5,332,683	2,679,376
Cost of services	1,864,317	1,751,455	112,862
Lease and rental charges	313,238	281,801	31,437
Payroll costs			
Wages and salaries	2,241,704	2,041,796	199,908
Social contributions	620,931	644,857	(23,926)
Employee termination indemnities	144,461	138,682	5,779
Other costs	29440	499	28,941
Amortisation of intangible assets	185,894	144,431	41,463
Depreciation of tangible assets	250,990	543,860	(292,870)
Writedown of receivables included in current assets	12212	-	12,212
Change in inventory of raw and ancillary materials, consumables and goods	(490,296)	(67,286)	(423,010)
Other operating expenses	113,575	191,406	(77,831)
Total	**13,298,525**	**11,004,184**	**2,294,341**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

These items saw a further increase on the previous year due to the rise in the cost of raw materials and energy following escalation of the conflict between Russia and Ukraine. The rise was approximately 35%, almost double the increase in value of production, demonstrating the significant impact on the results due to the rise in costs of raw materials and energy.

Payroll costs

This item (which has gone up by 7% 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 are charged over the useful life of each asset, considering how they are used in production. Note the reduction (which can also be seen in the impact on value of production) in the depreciation and amortisation of fixed assets compared with the previous year. This is the combined effect - an increase in the case of intangible assets - of the higher value of assets capitalised as part of the construction of the new production site in Grugliasco and – a decrease in the case of tangible assets – due to previous year's increase in depreciation following the revision of the useful life of certain assets after customers decided to extend the duration of certain projects.

Other operating expenses

There has been an appreciable decrease in this item compared with the previous year when the company had to bear the cost of transferring production to the new Grugliasco site.

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	23,844	5,829	29,673

Amount and nature of revenues/costs of individual significance

During the current financial year, no revenues or costs deriving from extraordinary events were recognised, except for the increases in energy costs and the contributions disbursed by the State as tax credits to deal with the price rises attributable to the conflict between Russia and Ukraine.

Income taxes for the year, current and deferred

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

	FY 2022-2023	FY 2021-22
Income taxes	**119,336**	**88,888**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	29,633	20,550
Taxation relating to prior years	55,205	1,011
Deferred tax assets and liabilities	(5,155)	25,542
(income (charges) from tax consolidation	39,653	41,785

Deferred tax assets have been set aside to sterilise the temporary differences that arose during the year.

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

The charge for joining the tax consolidation highlights the effects of the Company's adhesion to the group taxation regime under arts. 117-129 of the Consolidated Income Tax Act.

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	187,262	176,213
Total taxable temporary differences	203,075	207,316
Net temporary differences	15,813	31,103
B) Tax effects		
Provision for deferred tax liabilities (assets) at the beginning of the year	(313,717)	(47,388)
Deferred tax liabilities (assets) for the year - booked to the income statement	(3,942)	(1,213)
Deferred tax liabilities (assets) for the year - booked to equity	147	-
Provision for deferred tax liabilities (assets) at the end of the year	(317,512)	(48,601)

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
FY 2022-2023	1	13	41	55

The Company employed 54 persons at 31 March 2023.

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 2022/2023.

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or firm of auditors
Amount	7,350	1,050	8,400

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Classes of shares issued by the Company

This paragraph of the notes is not relevant as 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 ICC.

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 ICC.

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 ICC.

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 ICC.

Information about related-party transactions

With regard to the provisions of art. 2428, para. 3, point 2) of the ICC, 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 in 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.

It is worth mentioning that the Company does not operate directly on either the Russian or the Ukrainian market, so it is not suffering direct consequences from the war, except for the impact of the increase in cost of raw materials, including energy and gas, like everyone else. The Company has endeavoured to mitigate them wherever possible.

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 instrument	Number of contracts at 31/03/2022	Original notional value	Notional at 31/03/2023	Fair value	Number of contracts at 31/03/22	Original notional value	Notional at 31/03/2021	Fair value
Interest rate swaps	1	500,000	31,950	190	1	500,000	158,808	(421)
Total	**1**	**500,000**	**31,950**	190	**1**	**500,000**	**284,169**	**(2,117)**

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84.134 (85.813 on 31 March 2021) - (source: European Central Bank):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Liabilities and equity		
Quotaholders' equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and equity	**37,393.40**	**34,376.47**

Income Statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Net income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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

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

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

Despite the uncertainty involved in defining the concessions that fall within the scope of application of the law, we can fairly say that no payments were made during the year under the regulations referred to above that were not applicable to companies in general.

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 € 693,181 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 therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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 accounting records.

Turin, 11 May 2023

For the Board of Directors

The Managing Director

Fabrizio Rebuffo

Deloitte.

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10121 Torino
Italia

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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, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance Engineering S.r.l. are responsible for the preparation of the report on operations of the Company as at March 31, 2023, 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, 2023 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, 2023 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 16, 2023

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

ENDURANCE CASTINGS SPA

Head office: CONCA D'ORO 14 - 14/A BIONE (BRESCIA)
Tax Code and Brescia Companies Register no. 00293110177
BRESCIA Chamber of Commerce (REA) no. 55600
Share capital: € 900,000.00 subscribed and fully paid
VAT Number: 00551150980
Sole shareholder company
Management control and coordination: ENDURANCE TECHNOLOGIES LTD

Report on operations

Financial statements at 31/03/2023

Shareholders,
The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2023; this document provides information on the Company's situation and performance in compliance with art. 2428 of the Italian Civil Code. 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

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

The economic picture for the period 2022/2023 has been strongly conditioned by the geopolitical tensions deriving from the conflict between Russia and Ukraine. The introduction of more and more sanctions to stop the war led to a progressive reduction in energy supplies (gas, in particular) and other raw materials from Russia, causing a surge in prices due to the difficulties in quickly organising alternative sources of supply (due to typical structural constraints) and worries about not achieving adequate levels of storage. On European markets, the prices of gas and electricity (generated for a significant portion by gas-fired thermoelectric plants, also due to the lower contribution of generation from nuclear plants following the decommissioning of plants in Germany and suspension of the service for maintenance work in France) reached prices 10-14 times higher than historical averages for the summer months, with price increases starting as early as 2021.

The sudden hike in commodity prices rekindled inflationary pressures by inducing central banks to raise interest rates, abandoning the monetary stimulus measures applied up to now with their policy of zero or negative interest rates (in some countries).

These events have had repercussions on the economic performance of European countries, largely invalidating the post-Covid-19 recovery. The data released by the International Monetary Fund (IMF) say that growth in the world economy in 2022 was +3.4%, with the USA at +2.1%, China +3.0% and India +6.8%. Despite these difficulties, the European economy also managed to turn in a 3.5% increase in GDP (including Germany +1.8%, France +2.6% and Italy +3.7%) mainly thanks to the positive trend in the first part of the year.

With regard to the automotive sector, in the calendar year 2022, according to the figures published by ACEA (European Automobile Manufacturers' Association), new vehicle registrations in the world were the same as the previous year (66.2 million vehicles in 2022, as in 2021). Registrations fell by 4.6% in the European Union (9.255 million compared with 9.7 million in 2021) and by -9.2% in the USA, offset by the positive trend in China (+7.6% with 21.7 million compared with

20.2 million) and India (+23.1% but with a total market of only 3.8 million vehicles). In the European Union, battery electric vehicles (BEVs) achieved a market share of 12.1%, plug-in hybrids (PHEVs) 9.4% and HEV hybrids (including mild hybrids) 22.6%. Conversely, traditional internal combustion vehicles fell to a market share of 52.8% (of which petrol 36.4% and diesel 16.4%)

Registrations in the European Union for the same period as the financial year (April '22 - March '23) increased by 2.9%, highlighting a positive figure especially in the last quarter (from January to March 2023), which saw growth by almost 18% compared with the equivalent period of the previous year. So the trend is still positive, given the general difficulties of the period, but almost 24% away from pre-pandemic volumes (2018/2019).

The VW group, the main manufacturer with a share of almost a third of the EU market, achieved growth in registrations of +4.3%, Mercedes of +6.5% and Renault of +3.6%, while Stellantis fell by -5.2%, BMW by -0.6%.
According to the results of S&P Global Mobility released by ACEA, world car production has increased by 7.9% with growth in the European Union (+7.1% to 10.7 million vehicles), USA (+11.7%, to 7.1 million vehicles), China (+11.7% to 23.2 million vehicles) and India (+21.6% to 4.3 million vehicles). Germany is again the leading car producer with 3.3 million vehicles, almost 31% of output in the European Union.

Due to the turbulence in the European energy market, compared with the historical cost of energy (up to 2020), electricity prices increased by 250% in 2022 and by a further 63% in 2023 compared with 2022 (for a combined effect of +460%), while gas prices increased by 300% in 2022 and by a further +70% in 2023 compared with 2022 (for a combined effect of +600%). This conditioned company performances given that the prompt action taken and external support made it possible to contain further negative effects of last year's energy rise, but not a complete recovery of the effects suffered during the previous period, which continued to have an impact on company results. Nonetheless, it was possible to achieve a positive economic result overall that is also an improvement, thanks to the growth in turnover.

Key events

No other significant events took place during the year, apart from those mentioned above.

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 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.

For a better understanding of the Company's financial situation, a reclassified balance sheet is provided below, which includes a number of reclassifications to facilitate comparison with the previous year on a like-for-like basis.

Balance Sheet - Assets

Item	FY 2023	%	FY 2022	%	Change	% Change
WORKING CAPITAL	**24,299,814**	**73.44%**	**22,874,456**	**76.14%**	**1,425,358**	**6.23%**
Immediate liquidity	**2,248,201**	**6.79%**	**3,532,272**	**11.76%**	**(1,284,071)**	**-36.35%**
Cash and cash equivalents	2,248,201	6.79%	3,532,272	11.76%	(1,284,071)	-36.35%
Deferred liquidity	**16,240,322**	**49.08%**	**15,256,777**	**50.78%**	**983,545**	**6.45%**
Current receivables included in working capital	10,529,729	31.82%	7,404,335	24.64%	3,125,394	42.21%
Current portion of non-current receivables	12,331	0.04%	56,722	0.19%	(44,391)	-78.26%
Financial assets	5,503,044	16.63%	7,514,309	25.01%	(2,011,265)	-26.77%
Accrued income and prepaid expenses	195,218	0.59%	281,411	0.94%	(86,193)	-30.63%
Inventories	**5,811,291**	**17.56%**	**4,085,407**	**13.60%**	**1,725,884**	**42.25%**
FIXED ASSETS	**8,787,305**	**26.56%**	**7,169,659**	**23.86%**	**1,617,646**	**22.56%**
Intangible assets	4,920	0.01%	-	0.00%	4,920	#DIV/0!
Tangible assets	7,992,163	24.15%	6,486,117	21.59%	1,506,046	23.22%
Long-term financial assets	2,088	0.01%	4,530	0.02%	(2,442)	-53.91%
Non-current portion of receivables included in working capital	788,134	2.38%	679,012	2.26%	109,122	16.07%
CAPITAL EMPLOYED	**33,087,119**	**100.00%**	**30,044,115**	**100.00%**	**3,043,004**	**10.13%**

Balance Sheet - Liabilities and Equity

Item	FY 2023	%	FY 2022	%	Change	% Change
MINORITY INTEREST	**20,229,511**	**61.14%**	**17,857,648**	**59.44%**	**2,371,863**	**13.28%**
Current liabilities	**17,224,236**	**52.06%**	**14,315,309**	**47.65%**	**2,908,927**	**20.32%**
Current payables	16,497,603	49.86%	13,667,080	45.49%	2,830,523	20.71%
Accrued expenses and deferred income	726,633	2.20%	648,229	2.16%	78,404	12.10%
Non-current liabilities	**3,005,275**	**9.08%**	**3,542,339**	**11.79%**	**(537,064)**	**-15.16%**
Non-current payables	1,350,353	4.08%	1,950,324	6.49%	(599,971)	-30.76%
Provision for risks and charges	1,452,684	4.39%	1,387,790	4.62%	64,894	4.68%
Employee termination indemnities	202,238	0.61%	204,225	0.68%	(1,987)	-0.97%
EQUITY	**12,857,608**	**38.86%**	**12,186,467**	**40.56%**	**671,141**	**5.51%**
Share capital	900,000	2.72%	900,000	3.00%	-	0.00%
Reserves	6,973,062	21.07%	7,008,966	23.33%	(35,904)	-0.51%
Retained earnings (accumulated losses)	2,277,501	6.88%	2,868,192	9.55%	(590,691)	-20.59%
Net income (loss) for the year	2,707,045	8.18%	1,409,309	4.69%	1,297,736	92.08%
SOURCES OF FINANCE	**33,087,119**	**100.00%**	**30,044,115**	**100.00%**	**3,043,004**	**10.13%**

Key financial indicators

The following ratios have been calculated on the basis of the above reclassified figures:

RATIO	FY 2023	FY 2022	% Change
Fixed asset coverage	160.49%	186.13%	-13.78%
Banks/Working capital	7.84%	10.98%	N/A
Debt ratio	1.57	1.47	7.03%
Financial debt ratio	0.18	0.23	-19.73%
Equity/Capital employed	38.86%	40.56%	-4.19%
Financial charges/Turnover	0.24%	0.14%	71.07%
Current ratio	141.08%	159.46%	-11.53%
Fixed assets/Equity	4,833,775	5,648,578	-14.42%
Primary coverage ratio	1.61	1.86	-13.58%
(Equity + non current liabilities) - fixed assets	7,839,050	9,190,917	-14.71%
Secondary coverage ratio	1.98	2.41	-17.97%
Net working capital	7,075,578	8,511,905	-16.87%
Acid test margin	(15,834,254)	4,426,498	-457.72%
Acid test ratio	107.34%	130.92%	-18.01%

Results

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

Income Statement

Item	FY 2022-2023	%	FY 2021-22	%	Change	% Change
VALUE OF PRODUCTION	**42,555,830**	**100.00%**	**36,136,230**	**100.00%**	**6,419,600**	**17.76%**
- Consumption of raw materials	19,645,885	46.16%	16,922,604	46.83%	2,723,281	16.09%
- General expenses	14,476,941	34.02%	12,226,006	33.83%	2,250,935	18.41%
VALUE ADDED	**8,433,004**	**19.82%**	**6,987,620**	**19.34%**	**1,445,384**	**20.68%**
- Payroll costs	4,792,703	11.26%	4,494,017	12.44%	298,686	6.65%
- Provisions	-	0.00%	-	0.00%	-	#DIV/0!
GROSS OPERATING MARGIN	**3,640,301**	**8.55%**	**2,493,603**	**6.90%**	**1,146,698**	**45.99%**
- Depreciation, amortisation and writedowns	683,178	1.61%	628,244	1.74%	54,934	8.74%
- Other operating expenses	215,665	0.51%	302,719	0.84%	(87,054)	-28.76%
INCOME BEFORE FINANCIAL ITEMS	**2,741,458**	**6.44%**	**1,562,640**	**4.32%**	**1,178,818**	**75.44%**
+ Financial items	25,548	0.06%	(46,265)	-0.13%	71,813	-155.22%
INCOME BEFORE TAX	**2,767,006**	**6.50%**	**1,516,375**	**4.20%**	**1,250,631**	**82.48%**
- Taxation	59,961	0.14%	107,066	0.30%	(47,105)	-44.00%
NET INCOME	**2,707,045**	**6.36%**	**1,409,309**	**3.90%**	**1,297,736**	**92.08%**
EBITDA	**3,424,636**	**8.05%**	**2,190,884**	**6.06%**	**1,233,752**	**56.31%**

Key performance indicators

The following ratios have been calculated on the basis of the above reclassified figures:

RATIO	FY 2022/2023	FY 2021/2022	% Change
R.O.E.	21.05%	11.56%	82.06%
R.O.I.	51.64%	137.09%	(62.33%)
R.O.S.	6.61%	4.40%	50.24%
R.O.A.	8.29%	5.20%	59.30%

Information required by art. 2428 of the Italian Civil Code

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

Main risks and uncertainties that the Company is exposed to

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

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

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.
What was mentioned previously with regard to the ability to recover from the negative impacts of the pandemic and the effectiveness of the tools made available to the various economies, will undoubtedly have repercussions on the Company's business in relation to the customers' propensity to buy in the automotive market, as well as in consideration of the possible impacts on the mobility habits that consumers will adopt in the near future as a result of current technological transitions and changes in behaviour caused by the pandemic.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions).
Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

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

- credit risk in relation to normal commercial transactions with customers;
- 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 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 Risk</u>

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.

<u>Liquidity risk</u>

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.

<u>Market risk</u>

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 uses financial resources made available principally in the form of bank debt and invests the funds to finance operations and investment and development initiatives. The Company can also factor its trade receivables. Changes in market interest rates impact the cost of various types of financing and factoring, which in turn affect the level of the Company's financial charges.
To cope with these risks, the Company strives to maintain a suitable relationship between its financing structure and its capital employed, in line with the opportunities on offer and actual market conditions. For this purpose, the Company has structured floating-rate loans with medium/long-term repayment terms, in the presence of favourable conditions (with the aim of managing the current unfavourable conditions and strong volatility of interest rates).
Lastly, when considered appropriate, the Company makes use of 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 (the Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

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

Information on the environment

The Company dedicates special attention to ensuring that production and operating activities comply with the applicable regulations and international agreements, seeking to introduce and disseminate a culture that continuously improves environmental performance and the safety of products and processes, while also safeguarding personnel and installations.

General training on the environment and safety has been provided in relation to:

- specific refresher course in accordance with the State-Regions Agreement of December 2011
- specific refresher course for those who have to monitor workers' compliance with the rules on health and safety at work
- updating for first aid and emergency team workers
- training and refresher courses for drivers of lift trucks;
- running and maintenance of the degassing plant in the smelting furnaces department
- refresher course on RLS training
- Simulation of emergency scenarios such as fire, evacuation, chemical product spill, illness with the participation of employees.

The Risk Assessment Document and the Environmental Impacts Register were updated with the identification and analysis of risks and procedures for the management of environmental and worker safety emergencies (including the action to be taken to prevent future incidents).

Work on installations and the infrastructure included the following principal actions:

- Installation of railings on roofs of buildings
- Installation of an optical signalling device to warn that a forklift truck is approaching
- Update of the layout of the aluminium alloy degassing area with installation of fixed guards and access control system
- Replacement for the purchase of more efficient compressors with better performance

Personnel

The workforce at the end of the financial year from 01/04/2022 to 31/03/2023 totals 69 employees, while the average during the period was 70.

In addition to what has already been indicated in the previous paragraph relating to Environment and Safety, the training activities concerned general updates and specific courses such as Level 2 RX Training.

The courses carried out, including those listed in the paragraph dedicated to information on the environment and safety, involved a total of 741 man hours for Company staff, with training activities carried out internally, externally and on the job.

Research and development

Pursuant to art. 2428, paragraph 3, point 1 of the Italian Civil Code, we can confirm that we carried out technological innovation and process improvement activities during the year.
To this end, the technical equipment was updated with software upgrades for parametric modelling and casting simulation.
Tests were carried out with alternative coatings (to reduce metallisation) and with innovative release agents.
Design and introduction of solutions aimed at reducing waste and making moulding times more efficient.

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, we can confirm 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 current assets

Description	FY 2023	FY 2022	Change
due from fellow subsidiaries	5,639,665	3,186,642	2,453,023
Total	*5,639,665*	*3,186,642*	*2,453,023*

The amount receivable from fellow subsidiaries relates to the trade receivables due from Endurance S.p.A.

Payables to and loans from affiliates

Description	FY 2023	FY 2022	Change
due to parent companies	318,800	206,195	112,605
due to fellow subsidiaries	104,794	14,174	90,620
Total	*423,594*	*220,369*	*203,225*

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.

The item Payables due to fellow subsidiaries relates to relations with the other companies belonging to the Endurance group and mainly to Endurance S.p.A.

Treasury shares

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

Shares/quotas in the parent company

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

Business outlook

The last quarter of the calendar year 2022 showed a marked slowdown in GDP in all western economies. For 2023, the International Monetary Fund forecasts world economic growth of 2.8%, which drops to 1.6% for the USA and 0.8% for the Eurozone (including -0.1% for Germany and +0.7% for France and Italy).

The growing weight of the cost of living and higher financial charges is weakening the purchasing power of consumers and the investment possibilities of businesses. It will depend on Central Banks to balance monetary policy tools appropriately and ensure that the sudden increase in rates needed to contain the increase in prices does not turn into a severe recession or "hard landing".

Having reached 11% in the latter part of 2022, there are signs of inflation slowing down in many European countries as energy prices have recently fallen significantly compared with the dramatic peaks of 2022, but they are still much higher than they were pre-2020 (2-3 times). A return to prior conditions is hard to foresee in the near future, given that geopolitical tensions do not seem destined to ease, also due to the lack of concrete solutions that could bring an end to the war, as everyone hopes. However, it is worth mentioning that the Company does not operate directly on the Russian or Ukrainian markets, so it is not suffering direct consequences from the war, except for the adverse effects on overall market conditions.

For the time being, there is still a general sense of uncertainty which makes it hard to imagine how the various scenarios could affect the fate of the world economy and what the repercussions might be for the automotive sector. If conditions remain sufficiently balanced, expectations are that the Company should achieve a positive result in FY 2023-2024.

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 interest rate risks relating to medium-term loans by having arranged an interest rate cap contract which was closed during the year The fair value of these hedging instruments is disclosed in the notes.

Conclusion

In light of the considerations set out above and of the disclosures made in the notes, we invite the shareholders:
- to approve the financial statements at 31/03/2023 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the notes.

Bione, 12/05/2023

For the Board of Directors
The Managing Director

Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE CASTINGS SPA
Registered office:	VIA CONCA D'ORO 14 - 14/A BIONE BS
Share capital:	900,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	BS
VAT Number:	00551150980
Tax code:	00293110177
REA Number:	55600
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	245300
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination:	yes
Name of the company or entity that exercises management control and coordination:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS S.R.L.
Country of the parent company:	ITALY
Cooperatives register number:	n/a

Financial statements for the year ended 31/03/2023

Balance sheet

	31/03/2023	31/03/2022
Assets		
B) Fixed assets		
I - Intangible assets	-	-
4) Concessions, licences, trademarks and similar rights	4,920	-
Total intangible assets	*4,920*	-
II - Tangible assets	-	-
1) Land and buildings	3,445,959	3,440,719

	31/03/2023	31/03/2022
2) Plant and machinery	3,763,768	2,688,246
3) Industrial and commercial equipment	3,639	4,699
4) Other assets	80,310	112,453
5) Assets under construction and advance payments	698,487	240,000
Total tangible assets	*7,992,163*	*6,486,117*
III - Long-term financial assets	-	-
1) Equity investments in	-	-
d-bis) other companies	2,088	4,530
Total equity investments	*2,088*	*4,530*
2) Receivables	-	-
d-bis) from others	12,331	9,480
due within one year	12,331	9,480
Total receivables	*12,331*	*9,480*
4) Derivatives	-	47,242
Total long-term financial assets	*14,419*	*61,252*
Total fixed assets (B)	*8,011,502*	*6,547,369*
C) Current assets		
I - Inventories	-	-
1) Raw materials, ancillary materials and consumables	1,238,234	1,350,245
2) Work in process and semi-finished products	1,465,521	1,357,610
4) Finished products and goods	3,107,536	1,377,552
Total inventories	*5,811,291*	*4,085,407*
II - Receivables	-	-
1) from customers	3,675,185	3,593,860
due within one year	3,675,185	3,593,860
5) from fellow subsidiaries	5,639,665	3,186,642
due within one year	5,639,665	3,186,642
5-bis) tax receivables	1,165,901	591,883
due within one year	1,165,901	591,883
5-ter) deferred tax assets	788,134	679,012
5-quater) due from others	48,978	31,950
due within one year	48,978	31,950
Total receivables	*11,317,863*	*8,083,347*
III - Current financial assets	-	-
treasury management assets	5,503,044	7,514,309

	31/03/2023	31/03/2022
Total current financial assets	*5,503,044*	*7,514,309*
IV - Cash and cash equivalents	-	-
1) Bank and postal deposits	2,247,662	3,531,031
3) Cash on hand	539	1,241
Total cash and cash equivalents	*2,248,201*	*3,532,272*
Total current assets (C)	*24,880,399*	*23,215,335*
D) Accrued income and prepaid expenses	**195,218**	**281,411**
Total assets	*33,087,119*	*30,044,115*
Liabilities and shareholders' equity		
A) Shareholders' equity	**12,857,608**	**12,186,467**
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 reserves, shown separately	-	-
Extraordinary reserve	4,693,035	4,693,035
Payments towards increase in capital	760,126	760,126
Total other reserves	*5,453,161*	*5,453,161*
VII - Cash flow hedging reserve	-	35,904
VIII - Retained earnings (accumulated losses)	2,277,501	2,868,192
IX - Net income (loss) for the year	2,707,045	1,409,309
Total shareholders' equity	12,857,608	12,186,467
B) Provision for risks and charges		
2) for current and deferred taxation	160,546	95,652
4) other	1,292,138	1,292,138
Total provisions for risks and charges	*1,452,684*	*1,387,790*
C) Employee termination indemnities	**202,238**	**204,225**
D) PAYABLES		
4) due to banks	1,950,324	2,550,182
due within one year	599,971	599,858
due beyond one year	1,350,353	1,950,324
7) trade payables	14,155,856	11,708,887
due within one year	14,155,856	11,708,887
11) due to parent companies	318,800	206,195
due within one year	318,800	206,195
11-bis) due to fellow subsidiaries	104,794	14,174

	31/03/2023	31/03/2022
due within one year	104,794	14,174
12) tax payables	132,916	99,938
due within one year	132,916	99,938
13) due to pension and social security institutions	154,472	144,935
due within one year	154,472	144,935
14) other payables	1,030,794	893,093
due within one year	1,030,794	893,093
Total payables	*17,847,956*	*15,617,404*
E) Accrued expenses and deferred income	**726,633**	**648,229**
Total liabilities and shareholder's equity	*33,087,119*	*30,044,115*

Income statement

	31/03/2023	31/03/2022
A) Value of production		
1) Revenues from sales of goods and services	39,739,598	34,839,435
2) Change in inventories of work in progress, semi-finished and finished products	1,081,353	618,794
5) Other income and revenues	-	-
Operating grants	1,534,669	195,655
Other	200,210	482,346
Total other income and revenues	*1,734,879*	*678,001*
Total value of production	*42,555,830*	*36,136,230*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	20,290,416	17,017,130
7) services	13,877,548	11,619,932
8) lease and rental charges	599,393	606,074
9) payroll	-	-
a) wages and salaries	3,578,709	3,372,542
b) social contributions	991,407	899,031
c) employee termination indemnities	55,869	53,051
e) other costs	166,718	169,393
Total payroll costs	*4,792,703*	*4,494,017*
10) depreciation, amortisation and writedowns	-	-
a) amortisation of intangible assets	1,230	-

	31/03/2023	31/03/2022
b) depreciation of tangible assets	664,632	616,201
d) writedowns of current receivables and liquid funds	17,316	12,043
Total depreciation, amortisation and writedowns	*683,178*	*628,244*
11) change in inventory of raw and ancillary materials, consumables and goods	(644,531)	(94,526)
14) other operating expenses	215,665	302,719
Total cost of production	*39,814,372*	*34,573,590*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**2,741,458**	**1,562,640**
C) FINANCIAL INCOME AND CHARGES		
15) income from equity investments	-	-
Other	257	67
Total income from equity investments	*257*	*67*
16) other financial income	-	-
d) income other than the above	-	-
Other	120,467	2,137
Total income other than the above	*120,467*	*2,137*
Total other financial income	*120,467*	*2,137*
17) interest and other financial charges	-	-
Other	95,176	48,469
Total interest and other financial charges	*95,176*	*48,469*
Total financial income and charges (15+16-17+-17-bis)	*25,548*	*(46,265)*
Income (loss) before taxes (A-B+-C+-D)	**2,767,006**	**1,516,375**
20) Income taxes for the year, current and deferred		
current taxation	92,850	93,865
deferred taxation	(32,889)	13,201
Total income taxes for the year, current and deferred	*59,961*	*107,066*
21) Net income (loss) for the year	**2,707,045**	**1,409,309**

Statement of cash flows (indirect method)

	Amount at 31/03/2023	Amount at 31/03/2022
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	2,707,045	1,409,309
Taxation	59,961	107,066
Interest expense/(interest income)	(25,291)	46,265
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*2,741,715*	*1,562,640*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	132,102	76,432
Depreciation and amortisation of fixed assets	665,862	616,201
Other adjustments up or (down) for non-cash items	(35,904)	112,624
Total adjustments for non-cash items that had no contra-entry in net working capital	*762,060*	*805,257*
2) Cash flow before changes in net working capital	*3,503,775*	*2,367,897*
Change in net working capital		
Decrease/(Increase) in inventory	(1,725,884)	(713,321)
Decrease/(Increase) in trade receivables	(2,534,348)	453,885
Increase/(Decrease) in trade payables	2,650,194	593,722
Decrease/(Increase) in accrued income and prepaid expenses	86,193	101,657
Increase/(Decrease) in accrued expenses and deferred income	78,404	(24,065)
Other decreases/(Other Increases) in net working capital	(430,629)	(915,628)
Total changes in net working capital	*(1,876,070)*	*(503,750)*
3) Cash flow after changes in net working capital	*1,627,705*	*1,864,147*
Other adjustments		
Interest collected/(paid)	25,291	(46,265)
(Income taxes paid)	(149,284)	(60,105)
(Use of provisions)	(69,196)	(84,408)
Total other adjustments	*(193,189)*	*(190,778)*
Cash flow from operating activities (A)	***1,434,516***	***1,673,369***
B) Cash flows from investing activities		
Tangible assets		
(Additions)	(2,188,022)	(1,616,672)
Disposals	17,345	
Intangible assets		
(Additions)	(6,150)	
Long-term financial assets		

	Amount at 31/03/2023	Amount at 31/03/2022
(Additions)	(2,851)	
Disposals	49,684	3,707
Current financial assets		
(Additions)		(481,287)
Disposals	2,011,265	
Cash flow from investing activities (B)	***(118,729)***	***(2,094,252)***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	113	332,940
New loans		3,000,000
(Repayment of loans)	(599,971)	(449,818)
Own funds		
(Dividends and interim dividends paid)	(2,000,000)	
Cash flow from financing activities (C)	***(2,599,858)***	***2,883,122***
Increase (decrease) in cash and cash equivalents (a ± b ± c)	***(1,284,071)***	***2,462,239***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	3,531,031	1,068,506
Cash on hand	1,241	1,527
Total cash and cash equivalents at the beginning of the year	3,532,272	1,070,033
Cash and cash equivalents at the end of the year		
Bank and postal deposits	2,247,662	3,531,031
Cash on hand	539	1,241
Total cash and cash equivalents at the end of the year	2,248,201	3,532,272

Information on the statement of cash flows

The statement of cash flows 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 "Increase (Decrease) in non-current financial assets" relates to the change in the treasury management (cash pooling) account managed by Endurance Overseas S.r.l., which decreased during the year by € 2,011,265.

Explanatory notes - first part

Shareholders,

These explanatory notes form an integral part of the financial statements for the year ended 31 March 2023.

The financial statements submitted for your approval report net income of € 2,707,045, after income and deferred taxes of € 59,961 and depreciation and amortisation of € 665,862.

Form and content of the financial statements

The financial statements for the year ended 31 March 2023 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.

Even though the general context is uncertain, taking into account the upward trend in energy prices (partly offset by external support) and despite the rise in interest rates, aimed at contrasting inflation which reached extremely significant levels in recent months, we are of the opinion that the Company's current liquidity, together with that of the group, makes it reasonable to assume that the Company can continue to operate as a going concern for at least 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 notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Italian Civil Code.

The accounting policies 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 of the Italian Civil Code, 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 asset or liability 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, it is hereby confirmed 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

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

Accounting policies

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

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

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

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

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the 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 assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

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

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

Tangible assets

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

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

Tangible assets are depreciated systematically each year on the basis of their estimated useful life. The depreciation and amortisation rates applied are summarised in the following table:

Tangible asset items	**Depreciation rate**
Industrial buildings	3.00%
Temporary constructions	10%
Plant and machinery	10% - 15.5%
Industrial and commercial equipment	20%
Furnaces and appurtenances	15%
Furniture and furnishings	12%
Electronic office machines	20%
Commercial vehicles	20%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis calculated on the actual number of days.

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

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

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

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

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

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

Impairment (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 long-term financial 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 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, also 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.

Derivatives

Derivatives consist of financial assets and liabilities measured at fair value.

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

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

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

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

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

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

Revenues

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

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

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

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

Costs

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

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting.

Financial income and charges

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

Taxation

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

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

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

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

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

Translation of foreign currency items

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

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

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

Intangible assets

After having charged amortisation for the year of € 1,230, the balance of intangible assets at 31 March 2023 is € 4,920.

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	287,915	989,952
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	-	-	-	-
Changes during the year					
Additions	-	6,150	-	-	6,150
Amortisation for the year	-	1,230	-	-	1,230
Total changes	-	*4,920*	-	-	*4,920*
Balance at the end of the year					

	Start-up and expansion costs	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible assets	Total intangible assets
Cost	16,017	430,570	327,000	287,915	1,061,502
Amortisation (Accumulated amortisation)	16,017	425,650	261,600	287,915	991,182
Writedowns	-	-	65,400	-	65,400
Carrying amount	-	4,920	-	-	4,920

The additions mentioned above refer to the purchase of management software for long-term use.

Tangible 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 assets total € 20,373,028, accumulated depreciation amounts to € 12,401,554 including the charge for the year of € 664,632.

"Assets under construction and advance payments" amount to € 698,487 (€ 240,000 at 31 March 2022) 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 assets

Tangible assets are analysed in the table below, together with the related accumulated depreciation and information about the changes that took place during the year.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and advance payments	Total tangible assets
Balance at the beginning of the year						
Cost	5,765,161	11,481,268	389,273	1,108,723	240,000	18,984,425
Depreciation (Accumulated depreciation)	2,324,442	8,317,275	384,574	996,198	-	12,022,489
Writedowns	-	475,747	-	72	-	475,819
Carrying amount	3,440,719	2,688,246	4,699	112,453	240,000	6,486,117
Changes during the year						
Additions	158,000	1,331,536	-	-	698,487	2,188,023
Reclassifications	-	240,000	-	-	(240,000)	-
Disposals (at carrying amount)	-	38,034	-	-	-	38,034
Revaluation/(Writedowns)	-	20.689	-	-	-	20.689
Depreciation for the year	152,760	478,669	1,060	32,143	-	664,632
Total changes	*5,240*	*1,075,522*	*(1,060)*	*(32,143)*	*458,487*	*1,506,046*
Balance at the end of the year						
Cost	5,923,161	12,777,584	381,304	1,068,311	698,487	20,848,847
Depreciation (Accumulated depreciation)	2,477,202	8,558,758	377,665	987,929	-	12,401,554
Writedowns	-	455,058	-	72	-	455,130
Carrying amount	3,445,959	3,763,768	3,639	80,310	698,487	7,992,163

The additions recorded during the year, particularly the plant and machinery, form part of the modernisation of the production lines (acquisition of a new 1,000-ton die-casting island and the replacement of the some presses).

With specific reference to the signs of impairment, 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 assets at 31 March 2023 will be recoverable from future cash flows.

Finance leases

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for finance leases, with which the user company would record the asset received as a lease under fixed assets and calculate the related depreciation rates on the asset, while at the same time recognising the debt for the principal portion of the instalments to be paid. In this case, the interest portion and the depreciation charge for the year would be recognised in the income statement.

	Effects on Shareholders' Equity - Assets		
a)	Outstanding contracts		
a.1)	Assets under finance leases at the end of the previous year		1,206,055
	- of which the gross amount	3,731,804	
	- of which accumulated depreciation	(2,525,750)	
a.2)	Assets purchased under finance leases during the year		-
a.3)	Assets under finance leases redeemed during the year		-
a.4)	Depreciation charge for the year		(424,075)
a.5)	Writedowns/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		781,980
	- of which the gross amount	3,731,804	
	- of which accumulated depreciation	(2,949,825)	
a.7)	Prepaid interest on lease instalments at the end of the year		
a.8)	Curtailment of prepaid expenses under the "patrimonial method"		(123,484)
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)		1,281,433
	Effects on Shareholders' Equity - Liabilities		
c)	**Lease liabilities (implicit payables)**		
c.1)	Lease liabilities at the end of the previous year		760,035
	- of which due within one year	370,014	
	- of which due beyond one and within 5 years	390,021	
	- of which due beyond 5 years	-	
c.2)	Lease liabilities that arose during the year		-
c.3)	Repayment of principal and redemptions during the year		370,014
c.4)	Lease liabilities for finance leases at the end of the year		390,021
	- of which due within one year	371,722	
	- of which due beyond one and within 5 years	18,299	
	- of which due beyond 5 years	-	
c.5)	Accrued interest on instalments 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)]**		1,549,908
e)	Tax effect		(432,424)
f)	**Effect on Shareholders' Equity at the end of the year (d-e)**		1,117,483

	Effects on the Income Statement	
g)	**Effect on income before taxes (lower/higher costs) (g.1-g.2-g.3+g.4+g.5)**	29,425
g.1)	Reversal of instalments on finance lease transactions	456,221
g.2)	Recognition of financial charges on finance lease transactions	(2,721)
g.3)	Recognition of depreciation charges on outstanding contracts	(424,075)
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	(8,210)
i)	**Net effect on the result for the year (g-h)**	21,215

The value of future lease instalments under outstanding lease contracts totals € 372,734 at 31 March 2023.

Long-term financial assets

Long-term financial assets amount to € 14,419 at 31 March 2023.

Movements in equity investments, other securities and non-current derivative financial instruments

The following table shows the movements in long-term financial assets during the year.

	Equity investments in other businesses	Total equity investments	Derivatives
Balance at the beginning of the year			
Cost	5,687	5,687	47,242
Writedowns	1,157	1,157	-
Carrying amount	4,530	4,530	47,242
Changes during the year			
Disposals (at carrying amount)	2,442	2,442	47,242
Total changes	(2,442)	(2,442)	(47,242)
Balance at the end of the year			
Cost	2,088	2,088	-
Carrying amount	2,088	2,088	-

Changes in and maturity of non-current receivables

The following table shows the movements in long-term financial 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	9,480	2,851	12,331	-	12,331
Total	**9,480**	**2,851**	**12,331**	**-**	**12,331**

These equity investments refer to holdings in consortia (CONAI, Brescia Export) and membership fees related to financing transactions carried out in previous years.

The item relates to security deposits referring to multi-year contracts such as car rental and customs warehouse for the electric workshop licence.

The contracts relating to derivative financial instruments were closed during the year under review.

Current assets

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

Inventories

The inventories reported in the balance sheet at 31 March 2023 total € 5,811,291, net of an allowance amounting to € 774,308 that was increased during the year by € 85,144 to take account of the risks associated with obsolete and slow-moving items.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
raw materials, ancillary materials and consumables	1,350,245	(112,011)	1,238,234
work in process and semi-finished products	1,357,610	107,911	1,465,521
finished products and goods	1,377,552	1,729,984	3,107,536
Total	*4,085,407*	*1,725,884*	*5,811,291*

The increase compared with the previous year is related to the combined effect of increase in the volume of the enterprise's activities with respect to the previous year, as well as the increase in the value of the main raw material (aluminium alloy) recorded in 2022-2023 linked to the well known international problems

Current receivables

They total € 11,317,863 at 31 March 2023. They are shown at their estimated realisable value as application of the amortised cost or discounting methods would not have been suitable for providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

	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	3,593,860	81,325	3,675,185	3,675,185	-
Receivables due from fellow subsidiaries	3,186,642	2,453,023	5,639,665	5,639,665	-
Tax receivables	591,883	574,018	1,165,901	1,165,901	-
Deferred tax assets	679,012	109,122	788,134	-	-
Other receivables	31,950	17,028	48,978	48,978	-
Total	**8,083,347**	**3,234,516**	**11,317,863**	**10,529,729**	**-**

Trade receivables (€ 3,675,185 at 31 March 2023) are expressed at their presumed realization value, given the irrelevance of the application of the amortized cost approach. The nominal value of trade receivables has been adjusted to their estimated realisable value by means of a specific allowance for doubtful accounts of € 100,003, including the provision made during the year for a total of € 17,316 without any utilisations.

The amount receivable from fellow subsidiaries (€ 5,639,665 at 31 March 2023) relates to the trade receivables due from Endurance S.p.A.

Tax receivables (€ 1,165,901 at 31 March 2023) mainly consist of VAT recoverable from the Italian tax authorities (€ 725,779), IRES receivable (€ 45,360) and the credit connected to investments in new capital goods (€ 393,747) made pursuant to Law 160/2019 and Law 178/2020 and the remainder of sundry tax receivables

Deferred tax assets amount to € 788,134 at 31 March 2023 and mainly relate to tax losses not yet used and differences between the carrying amount of goodwill in the statutory accounts and fiscal accounts, as well as in the deferred deductibility of risk provisions and writedowns. These deferred tax assets have been recognised as they are likely to be recoverable against expected future taxable income, as reflected in management's most recent forecasts.

Other receivables (€ 48,978 at 31 March 2023) consist of miscellaneous non-trade receivables (including advances paid to suppliers).

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the automotive sector that each have legal entities and factories located in several countries. In fact, at the year-end foreign trade receivables amount to 21% of all trade receivables.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 of the Italian Civil Code.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
treasury management assets	7,514,309	(2,011,265)	5,503,044
Total	**7,514,309**	**(2,011,265)**	**5,503,044**

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	3,531,031	(1,283,369)	2,247,662
cash on hand	1,241	(702)	539
Total	**3,532,272**	**(1,284,071)**	**2,248,201**

This item principally comprises the balance on bank current accounts at 31 March 2023. As regards the movement of cash flows for the year in question, please refer to what is indicated in the cash flow statement.

Accrued income and prepaid expenses

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Prepaid expenses	281,411	(86,193)	195,218
Total accrued income and prepaid expenses	**281,411**	**(86,193)**	**195,218**

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 shareholder's equity

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

Shareholders' equity

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

Changes in shareholder's equity items

With reference to the year just ended, the table below sets out changes - with reference to the years ended 31/03/2022 and 31/03/2023 - in the components of shareholder's equity, as well as details of other reserves, if any.

Year ended 31/03/2022:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	900,000	-	-	-	900,000
Revaluation reserves	1,339,901	-	-	-	1,339,901
Legal reserve	180,000	-	-	-	180,000
Extraordinary reserve	4,693,035	-	-	-	4,693,035
Payments towards increase in capital	760,126	-	-	-	760,126
Cash flow hedging reserve	-	-	35,904	-	35,904
Retained earnings (accumulated losses)	1,499,530	1,368,662	-	-	2,868,192
Net income (loss) for the year	1,368,662	(1,368,662)	-	1,409,309	1,409,309
Total	**10,741,254**	**-**	**35,904**	**1,409,309**	**12,186,467**

Year ended 31/03/2023:

	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 - Decreases	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
Cash flow hedging reserve	35,904	-	-	35,904	-	-
Retained earnings (accumulated losses)	2,868,192	(2,000,000)	1,409,309	-	-	2,277,501
Net income (loss) for the year	1,409,309	-	(1,409,309)	-	2,707,045	2,707,045
Total	**12,186,467**	**(2,000,000)**	**-**	**35,904**	**2,707,045**	**12,857,608**

Share capital, which consists of 900,000 shares with a par value of € 1.00 each, is fully subscribed and paid.

Note that on closure of the underlying derivative contract, the reserve for hedging transactions of expected cash flows was transferred entirely to the income statement; the movements are analysed in the table below:

	Interest rate swaps	Total
Gross carrying amount of the reserve at 31 March 2022	**47,242**	**47,242**
Deferred tax liabilities	(11,338)	(11,338)
Net carrying amount of the reserve at 31 March 2022	**35,904**	**35,904**
Fair value change in derivatives (effective component), net of reversals to the income statement on closure of the underlying transactions	(47,242)	(47,242)
Gross carrying amount of the reserve at 31 March 2023	**-**	**-**
Deferred tax liabilities	-	-
Net carrying amount of the reserve at 31 March 2023	**-**	**-**

Availability and use of shareholder's 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)	2,277,501	Revenue	A;B;C	2,277,501
Total	**10,150,563**			**7,730,662**
Amount not distributable				788,134
Residual amount distributable				6,942,528
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

With reference to the use made by the Company of the revaluation reserves, as shown in the statement of changes in equity, we would like to point out that the Company will not be able to distribute profits until these reserves have been reinstated for the same amount or reduced accordingly with a shareholders' resolution (pursuant to article 6 of Law 72/83 and subsequent revaluation laws).

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 c.c., covers the deferred tax assets recognised in the balance sheet, which are deemed to represent unrealised amounts.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for current and deferred taxation	95,652	76,233	11,339	64,894	160,546
Other provisions	1,292,138	-	-	-	1,292,138
Total	**1,387,790**	**76,233**	**11,339**	**64,894**	**1,452,684**

Provision for current and deferred taxation

This item refers entirely to deferred taxes set aside during the year to give an idea of the amount of temporary differences that required the use of deferred taxation. The provision made during the year refers to the tax effect of the difference between the depreciation and amortisation rates used for accounting purposes and those applied for tax purposes.

Other provisions

Provisions recorded in the financial statements at 31/03/2023 were made in the year to cover various liabilities (trade, tax, employment, etc), and were based on the best estimate with reference to the information available.

Employee termination indemnities

Employee termination indemnities amount to € 202,238 at 31 March 2023 (€ 204,225 at 31 March 2022). The changes during the year are summarised below

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	204,225	55,869	57,856	(1,987)	202,238
Total	**204,225**	**55,869**	**57,856**	**(1,987)**	**202,238**

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 portion of cost shown in the financial statements (allocation to the termination indemnities recorded under item B9 c) of the income statement) includes the accrual for employee termination indemnities held by the Company, while the payments made to the INPS Treasury Fund, Previndai and Fondo Cometa or to supplementary pension funds, if chosen by employees, are reclassified to item B9 e) of the income statement.

Payables

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 of the Italian Civil Code.

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	2,550,182	(599,858)	1,950,324	599,971	1,350,353
Trade payables	11,708,887	2,446,969	14,155,856	14,155,856	-
Payables due to parent companies	206,195	112,605	318,800	318,800	-
Payables due to fellow subsidiaries	14,174	90,620	104,794	104,794	-
Taxation payable	99,938	32,978	132,916	132,916	-
Due to pension and social security institutions	144,935	9,537	154,472	154,472	-
Other payables	893,093	137,701	1,030,794	1,030,794	-
Total	**15,617,404**	**2,230,552**	**17,847,956**	**16,497,603**	**1,350,353**

The amounts due to banks include both the short-term portion (€ 599,971) and the long-term portion (€ 1,350,353) of the loan taken out during the year from Unicredit Banca for a total of € 3,000,000.

Trade payables (€ 14,155,856) show an increase compared with the previous year in consideration of the trend in volumes in the last few months of the year, as well as the increase in the price of the Company's principal raw material (in fact, suppliers of aluminium alloys are the Company's main counterparties).

Payables due to parent companies total € 318,800 and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which are settled on an arm's length basis.

Payables due to fellow subsidiaries (€ 104,794 at 31 March 2023) include trade payables to Endurance S.p.A.

Tax payables, € 132,916, refer for € 110,757 to withholdings due for various reasons on staff payroll and self-employed fees and the rest to miscellaneous tax payables.

Other payables totalling € 1,030,794 principally include amounts due to employees for payroll and related accruals (€ 1,026,449) and other amounts due.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

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

Loans from shareholders

The company has not received any loans from its shareholders.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	14,282	7,704	21,986
Deferred income	633,947	70,700	704,647
Total accrued expenses and deferred income	**648,229**	**78,404**	**726,633**

Deferred income relates entirely to income that will accrue in future years.

Explanatory notes - income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis of the Italian Civil Code, 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 in2022-2023 is analysed below with comparative figures:

Description	FY 2022-2023	FY 2021-22	Change
1) Revenues from sales of goods and services	39,739,598	34,839,435	4,900,163
2) Change in inventories of work in progress, semi-finished and finished products	1,081,353	618,794	462,559
5) Other income and revenues			0
Operating grants	1,534,669	195,655	1,339,014
Other	200,210	482,346	(282,136)
Total	**42,555,830**	**36,136,230**	**6,419,600**

The value of production as a whole posted an increase of around 18% compared with the previous year, linked to the increase in volume of business recorded during the year and to the rise in the value of raw materials (especially aluminium alloy), based on fact that the contracts currently in force are index-linked. Furthermore, under other revenues, operating grants mainly include the counterpart of the tax credits introduced pursuant to the provisions of Legislative Decree no. 4 of 2022 and following.

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	FY 2022-2023	FY 2021-22	Change
Cost of raw and ancillary materials, consumables and goods for resale	20,290,416	17,017,130	3,273,286
Cost of services	13,877,548	11,619,932	2,257,616
Lease and rental charges	599,393	606,074	(6,681)
Payroll costs			
Wages and salaries	3,578,709	3,372,542	206,167
Social contributions	991,407	899,031	92,376
Employee termination indemnities	55,869	53,051	2,818
Other costs	166,718	169,393	(2,675)
Amortisation of intangible assets	1,230	-	1,230
Depreciation of tangible assets	664,632	616,201	48,431
Writedown of receivables included in current assets	17,316	12,043	5,273
Change in inventory of raw and ancillary materials, consumables and goods	(644,531)	(94,526)	(550,005)
Other operating expenses	215,665	302,719	(87,054)
Total	**39,814,372**	**34,573,590**	**5,240,782**

Production costs show an overall increase of approximately 15% compared with the previous year, in line with the trend in sales revenues, particularly as regards the costs of raw materials and energy which have seen a sharp rise – especially during the first half of the year due to the war in Ukraine.

Payroll costs (the value of which increased by 6.6% compared with the previous year, to a lesser extent than other production factors, in relation to the flexibility initiatives put in place to manage the growth in sales volumes and the not always linear trend in the production continuity of customers' plants) include the entire expense for employees including the effects of merit bonuses, promotions, unused holidays and provisions for legal and collective labour agreements. It also includes the cost of temporary workers (around € 0.4 million), except for the fees paid to the interim employment agencies which have been charged to income statement line B7.

Depreciation and amortisation saw a slight increase due to the capital investments made the previous year and during the current one, while other operating costs fell due to a decrease in charges of a qualitative nature compared with the previous year.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income (€ 120,724) refers to income from equity investments in other companies (€ 257), bank interest (€ 1,467) and financial income associated with the early closure of derivative contracts (€ 119,000).

Financial charges (€ 95,176) mainly relate to the financing of working capital and interest paid on the outstanding loan.

Amount and nature of revenues/costs of individual significance

During the current year, no revenues 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 booked 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 2022-2023	FY 2021-22
Income taxes	**59,961**	**107,066**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	92,850	93,865
of which: Taxation relating to prior years	-	-
Deferred taxation	(32,889)	13,201

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	961,066	-
Total taxable temporary differences	1,146,112	-
Net temporary differences	185,046	-
B) Tax effects		
Provision for deferred tax liabilities (assets) at the beginning of the year	(532,084)	(51,276)
Deferred tax liabilities (assets) of the year	(44,228)	-
Provision for deferred tax liabilities (assets) at the end of the year	(576,312)	(51,276)

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

The balance of deferred tax assets and liabilities shown in the table reflects the reversal of deferred tax assets recognised in prior years and the current year recognition of new deferred tax assets and liabilities.

Specifically, for IRES purposes, the following entries have been made: i) a provision for deferred tax liabilities relating to the difference between the depreciation and amortisation rates used for accounting purposes and those applied for tax purposes. ii) release of deferred taxes set aside previously in relation to the derivative contract entered into during the year. iii) provision for deferred tax assets on tax losses and inventory writedowns.

As far as IRAP is concerned, there were no changes in deferred taxation for this tax in the year under review.

Explanatory notes - other information

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

Employment data

The following table sets out average employee numbers by labour category computed on the basis of daily averages. It does not include 10 temporary workers, comprising blue-collar personnel and the individual seconded to the administrative department from another Group company.

	Executives	White collar	Blue collar	Total employees
Average number	1	15	54	70

The workforce at 31 March 2023 (consisting solely of Company employees) comprises 69 persons.

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

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

	Directors	Statutory Auditors
Fees	116,781	31,200

Directors' fees are shown gross of the related social security contributions.

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or firm of auditors
Amount	11,000	1,000	12,000

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, 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 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 in 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.

It is worth mentioning that the Company does not operate directly on either the Russian or the Ukrainian market, so it is not suffering direct consequences from the war, except for the impact of the increase in cost of raw materials, including energy and gas, like everyone else. The Company has endeavoured to mitigate them wherever possible.

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 derivatives.

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84,134 (86.099 on 31 March 2021) - (source European Central Bank):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Liabilities and shareholder's equity		
Shareholder's equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and shareholders' equity	**37,393.40**	**34,376.47**

Income Statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Net income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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

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

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

Despite the uncertainty involved in defining the concessions that fall within the scope of application of the law, we can fairly say that no payments were made during the year under the regulations referred to above that were not applicable to companies in general.

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 € 2,707,045 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 Company's assets and liabilities, financial position and results for the year and agree with the accounting records. We therefore invite you to approve the draft financial statements for the year ended 31/03/2022, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and fair and agree with the accounting records.

Bione, 12 May 2023

For the Board of Directors

The Managing Director

Samuele Gabutto

ENDURANCE CASTINGS SPA

Company with Sole Shareholder
Head office: VIA CONCA D'ORO 14 - 14/A BIONE (BS)
Tax Code and Brescia Companies Register no. 00293110177
BRESCIA Chamber of Commerce (REA) no. 55600
Share capital: € 900,000.00 subscribed and fully paid
VAT Number: 00551150980
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Financial statements at 31/03/2023

Shareholders,

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

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

During the course of the financial year ended 31/03/2023, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The draft financial statements for the year ended 31/03/2023, 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 € 2,707,045, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022/23	FY 2021/22	Difference
FIXED ASSETS	8,011,502	6,547,369	1,464,133
CURRENT ASSETS	24,880,399	23,215,335	1,665,064
PREPAID EXPENSES AND ACCRUED INCOME	195,218	281,411	86,193-

Description	FY 2022/23	FY 2021/22	Difference
TOTAL ASSETS	33,087,119	30,044,115	3,043,004

Description	FY 2022/23	FY 2021/22	Difference
SHAREHOLDERS' EQUITY	12,857,608	12,186,467	671,141
PROVISION FOR RISKS AND CHARGES	1,452,684	1,387,790	64,894
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	202,238	204,225	1,987-
PAYABLES	17,847,956	15,617,404	2,230,552
ACCRUED EXPENSES AND DEFERRED INCOME	726,633	648,229	78,404
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	33,087,119	30,044,115	3,043,004

Income Statement

Description	FY 2022/23	FY 2021/22	Difference
VALUE OF PRODUCTION	42,555,830	36,136,230	6,419,600
REVENUES FROM SALES OF GOODS AND SERVICES	39,739,598	34,839,435	4,900,163
PRODUCTION COST	39,814,372	34,573,590	5,240,782
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	2,741,458	1,562,640	1,178,818
RESULT BEFORE TAXES (A-B+-C+-D)	2,767,006	1,516,375	1,250,631
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	59,961	107,066	47,105-
PROFIT (LOSS) FOR THE YEAR	2,707,045	1,409,309	1,297,736

We have examined the draft financial statements for the year ended 31/03/2023, including the Report on Operations, in relation to which we point out the following.

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

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31/03/2023 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- pursuant to art. 2426 para. 5, of the Italian Civil Code, there are no start-up and expansion costs or development costs;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at 31/03/2023 do not contain any amounts representing goodwill under intangible assets;

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

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

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2023, as shown in the financial statements, is positive for € 2,707,045.

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 16/05/2023 and including an information note regarding the change in the reporting date of the end of the financial year and the related effects on the comparability of the figures of the previous year, we unanimously believes that there are no impediments to the approval by the Shareholders' Meeting of the draft financial statements closed on 31/03/2023, as drawn up and proposed by the Directors.

Milan, 17/05/2023

The Board of Statutory Auditors

Fulvio Mastrangelo

Attilio Bonetti

Massimo Carera

Deloitte.

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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, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance Castings S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2023, 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, 2023 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, 2023 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 16, 2023

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

ENDURANCE ADLER SPA

Head office: VIA DI VITTORIO, 20/22 ROVERETO (TN)
Trento Companies Register of the Trento Chamber of Commerce, Tax Code, and registration No. 00106120223
Trento Business Register (REA) no.TN 53464
Share capital: € 120,000.00 subscribed and fully paid
VAT Number: 00106120223
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements at 31/03/2023

Shareholders,
The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2023; this document provides information on the Company's situation and performance in compliance with art. 2428 of the Italian Civil Code. 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

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

The economic picture for the period 2022/2023 has been strongly conditioned by the geopolitical tensions deriving from the conflict between Russia and Ukraine. The introduction of more and more sanctions to stop the war led to a progressive reduction in energy supplies (gas, in particular) and other raw materials from Russia, causing a surge in prices due to the difficulties in quickly organising alternative sources of supply (due to typical structural constraints) and worries about not achieving adequate levels of storage. On European markets, the prices of gas and electricity (generated for a significant portion by gas-fired thermoelectric plants, also due to the lower contribution of generation from nuclear plants following the decommissioning of plants in Germany and suspension of the service for maintenance work in France) reached prices 10-14 times higher than historical averages for the summer months, with price increases starting as early as 2021.

The sudden hike in commodity prices rekindled inflationary pressures by inducing central banks to raise interest rates, abandoning the monetary stimulus measures applied up to now with their policy of zero or negative interest rates (in some countries).

These events have had repercussions on the economic performance of European countries, largely invalidating the post-Covid-19 recovery. The data released by the International Monetary Fund (IMF) say that growth in the world economy in 2022 was +3.4%, with the USA at +2.1%, China +3.0% and India +6.8%. Despite these difficulties, the European economy also managed to turn in a 3.5% increase in GDP (including Germany +1.8%, France +2.6% and Italy +3.7%) mainly thanks to the positive trend in the first part of the year.

With regard to the automotive sector, in the calendar year 2022, according to the figures published by ACEA (European Automobile Manufacturers' Association), new vehicle registrations in the world were the same as the previous year (66.2 million vehicles in 2022, as in 2021). Registrations fell by 4.6% in the European Union (9.255 million compared with 9.7 million in 2021) and by -9.2% in the USA, offset by the positive trend in China (+7.6% with 21.7 million compared with

20.2 million) and India (+23.1% but with a total market of only 3.8 million vehicles). In the European Union, battery electric vehicles (BEVs) achieved a market share of 12.1%, plug-in hybrids (PHEVs) 9.4% and HEV hybrids (including mild hybrids) 22.6%. Conversely, traditional internal combustion vehicles fell to a market share of 52.8% (of which petrol 36.4% and diesel 16.4%).

Registrations in the European Union for the same period as the financial year (April '22 - March '23) increased by 2.9%, highlighting a positive figure especially in the last quarter (from January to March 2023), which saw growth by almost 18% compared with the equivalent period of the previous year. So the trend is still positive, given the general difficulties of the period, but almost 24% away from pre-pandemic volumes (2018/2019).
The VW group, the main manufacturer with a share of almost a third of the EU market, achieved growth in registrations of +4.3%, Mercedes of +6.5% and Renault of +3.6%, while Stellantis fell by -5.2%, BMW by -0.6%.
According to the results of S&P Global Mobility released by ACEA, world car production has increased by 7.9% with growth in the European Union (+7.1% to 10.7 million vehicles), USA (+11.7%, to 7.1 million vehicles), China (+11.7% to 23.2 million vehicles) and India (+21.6% to 4.3 million vehicles). Germany is again the leading car producer with 3.3 million vehicles, almost 31% of output in the European Union.

In calendar year 2022, the trend in the motorcycle market was flat (+0.1% compared with the previous year) with 950,400 new registrations. The breakdown by country shows growth in Spain +6.3%, the UK +1.9% and Italy +0.7% (but after growing by +23.6% the previous year), a stable market in Germany and a contraction in France of -6.6%.

Due to the turbulence in the European energy market, compared with the historical cost of energy (up to 2020), electricity prices increased by 250% in 2022 and by a further 63% in 2023 compared with 2022 (for a combined effect of +460%), while gas prices increased by 300% in 2022 and by a further +70% in 2023 compared with 2022 (for a combined effect of +600%). This conditioned company performances given that the prompt action taken and external support made it possible to contain further negative effects of last year's energy rise, but not a complete recovery of the effects suffered during the previous period, which continued to have an impact on company results. Nonetheless, it was possible to achieve a positive and improving economic result overall. .

Key events

To facilitate the relaunch and development projects of the Company, the residual loan of Euro 3.0 million received from the parent company Endurance Overseas S.r.l. was converted into an Extraordinary Equity Reserve.
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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 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	31/03/2023	%	31/03/2022	%	Change	% Change
WORKING CAPITAL	**5,777,558**	**46.06%**	**5,551,537**	**43.89%**	**226,021**	**4.07%**
Immediate liquidity	**1,200,883**	**9.57%**	**561,779**	**4.44%**	**639,104**	**113.76%**
Cash and cash equivalents	1,200,883	9.57%	561,779	4.44%	639,104	113.76%
Deferred liquidity	**2,625,284**	**20.93%**	**3,732,051**	**29.50%**	**(1,106,767)**	**(29.66%)**
Current receivables included in working capital	2,188,677	17.45%	2,431,597	19.22%	(242,920)	(9.99%)
Financial assets	386,776	3.08%	1,249,876	9.88%	(863,100)	(69.05%)
Accrued income and prepaid expenses	49,831	0.40%	50,578	0.40%	(747)	(1.48%)
Inventories	**1,951,391**	**15.56%**	**1,257,707**	**9.94%**	**693,684**	**55.15%**
FIXED ASSETS	**6,766,359**	**53.94%**	**7,097,755**	**56.11%**	**(331,396)**	**(4.67%)**
Intangible assets	1,758,160	14.02%	2,728,133	21.57%	(969,973)	(35.55%)
Tangible assets	3,742,351	29.83%	3,041,185	24.04%	701,166	23.06%
Long-term financial assets	22	0.00%	22	0.00%	-	-
Non-current portion of receivables included in working capital	1,265,826	10.09%	1,328,415	10.50%	(62,589)	(4.71%)
CAPITAL EMPLOYED	**12,543,917**	**100.00%**	**12,649,292**	**100.00%**	**(105,375)**	**(0.83%)**

Balance Sheet - Liabilities and Equity

Item	31/03/2023	%	31/03/2022	%	Change	% Change
MINORITY INTEREST	**6,860,878**	**54.69%**	**10,148,005**	**80.23%**	**(3,287,127)**	**(32.39%)**
Current liabilities	**5,093,300**	**40.60%**	**3,461,264**	**27.36%**	**1,632,036**	**47.15%**
Current payables	3,426,707	27.32%	2,806,114	22.18%	620,593	22.12%
Accrued expenses and deferred income	1,666,593	13.29%	655,150	5.18%	1,011,443	154.38%
Non-current liabilities	**1,767,578**	**14.09%**	**6,686,741**	**52.86%**	**(4,919,163)**	**(73.57%)**
Non-current payables	-	-	3,100,000	24.51%	(3,100,000)	(100.00%)
Accrued expenses and deferred income - non-current	1,162,500	9.27%	2,870,930	22.70%	(1,708,430)	(59.51%)
Provision for risks and charges	423,564	3.38%	461,064	3.64%	(37,500)	(8.13%)
Employee termination indemnities	181,514	1.45%	254,747	2.01%	(73,233)	(28.75%)
EQUITY	**5,683,039**	**45.31%**	**2,501,287**	**19.77%**	**3,181,752**	**127.20%**
Share capital	840,000	6.70%	840,000	6.64%	-	-
Reserves	6,599,457	52.61%	3,599,457	28.46%	3,000,000	83.35%
Retained earnings (accumulated losses)	(1,938,170)	(15.45%)	(2,106,039)	(16.65%)	167,869	(7.97%)
Net income (loss) for the year	181,752	1.45%	167,869	1.33%	13,883	8.27%
SOURCES OF FINANCE	**12,543,917**	**100.00%**	**12,649,292**	**100.00%**	**(105,375)**	**(0.83%)**

Key indicators of financial position

The following ratios have been calculated on the basis of the above reclassified figures:

RATIO	FY 2023	FY 2022	% Change
Fixed asset coverage	103.32%	41.08%	151.50%
Banks/Working capital	N/A	N/A	N/A
Debt ratio	1.21	4.06	-70.26%
Financial debt ratio	0.03	1.27	-97.68%
Equity/Capital employed	45.31%	19.77%	129.16%
Financial charges/Turnover	0.71%	0.52%	37.18%
Current ratio	92.36%	87.67%	5.34%
Fixed assets/Equity	182,506	(3,274,463)	-105.57%
Primary coverage ratio	1.03	0.43	140.27%
(Equity + non current liabilities) - Fixed assets	787,584	541,348	45.49%
Secondary coverage ratio	1.14	1.09	4.88%
Net working capital	(478,242)	(780,657)	-38.74%
Acid test margin	(15,834,254)	(2,038,364)	676.81%
Acid test ratio	61.16%	67.81%	-9.80%

Results

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

Income Statement

Item	Year 2022-2023	%	Year 2021-2022	%	Change	% Change
PRODUCTION VALUE	**11,215,041**	**100.00%**	**8,549,763**	**100.00%**	**2,665,278**	**31.17%**
- Consumption of raw materials	4,473,563	39.89%	2,968,508	34.72%	1,505,055	50.70%
- General expenses	3,119,174	27.81%	2,632,978	30.80%	486,196	18.47%
VALUE ADDED	**3,622,304**	**32.30%**	**2,948,277**	**34.48%**	**674,027**	**22.86%**
- Payroll costs	1,987,761	17.72%	1,730,467	20.24%	257,294	14.87%
- Provisions	-	-	-	-	-	-
GROSS OPERATING MARGIN	**1,634,543**	**14.57%**	**1,217,810**	**14.24%**	**416,733**	**34.22%**
- Depreciation, amortisation and writedowns	1,305,578	11.64%	918,793	10.75%	386,785	42.10%
- Other operating expenses	43,430	0.39%	144,976	1.70%	(101,546)	(70.04%)
INCOME BEFORE FINANCIAL ITEMS (EBIT)	**285,535**	**2.55%**	**154,041**	**1.80%**	**131,494**	**85.36%**
+ Financial items	(31,883)	(0.28%)	(47,219)	(0.55%)	15,336	(32.48%)
INCOME BEFORE TAX	**253,652**	**2.26%**	**106,822**	**1.25%**	**146,830**	**137.45%**
- Taxation	71,900	0.64%	(61,047)	(0.71%)	132,947	(217.78%)
NET INCOME	**181,752**	**1.62%**	**167,869**	**1.96%**	**13,883**	**8.27%**
EBITDA	**1,591,113**	**14.19%**	**1,072,834**	**12.55%**	**518,279**	**48.31%**

Key performance indicators

The following ratios have been calculated on the basis of the above reclassified figures:

RATIO	FY 2023	FY 2022	% Change
R.O.E.	3.20%	6.71%	(52.35%)
R.O.I.	6.97%	22.34%	(68.79%)
R.O.S.	2.65%	1.89%	40.04%
R.O.A.	2.28%	1.22%	86.92%

Information required by art. 2428 of the Civil Code

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

Main risks and uncertainties that the Company is exposed to

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

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the Company's sales performance.
There are also further elements of uncertainty linked to geopolitical tensions, in particular due to the current crisis between Russia and Ukraine, as well as the possible emergence of new variants of Covid-19. The persistence of international sanctions has also continued to fuel uncertainties about the trend in prices for energy commodities (which settled at levels much higher than the historical reference levels prior to the pandemic and international market crises), raw materials (especially metals) and agricultural produce with repercussions on consumer prices and growth prospects for the Eurozone. These elements of uncertainty could alter normal market dynamics and, more generally, business operating conditions, with the risk of undermining the reliability of the growth forecasts for the Eurozone in the near future. These elements of uncertainty could lead to an alteration of normal market dynamics and, more generally, of business conditions.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the sector of metal parts components for the two-wheeler sector in which the Company operates is characterized by fierce competition also in relation to the trend in sales volumes on the motorcycle 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, geopolitical conflicts 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 two-wheeler market components sector is characterised by continuous product development needed to satisfy product performance required by car manufacturers and by environmental legislation (governing emissions).
Furthermore, the sector's technological updating in terms of market redistribution with respect to propulsion alternatives (internal combustion, hybrid, electric or alternative) determine and will continue to determine an increase in the centrality

of the ability to innovate and undertake diversification initiatives by the supply chain as a distinctive element for market competitiveness.
Future investment by the Company will seek to increase the portfolio of products and diversify the types of production - according to the lines of development that are currently applicable in our sector - thereby increasing our ability to meet the needs of our customers. Any failure to follow (or in certain cases anticipate) the development of products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely affect the Company's prospects.

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

- credit risk in relation to normal commercial transactions with customers;
- 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 that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit risk

Given the nature of its industrial activities - the production of car components for motorcycles - 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 risk

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 risk

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. The Company can also factor its trade receivables. Changes in market interest rates impact the cost of various types of financing and factoring, which in turn affect the level of the Company's financial charges.
To cope with these risks, the Company strives to maintain a suitable relationship between its financing structure and its capital employed, in line with the opportunities on offer and actual market conditions.
For this purpose, the Company has appropriately structured floating-rate loans with medium/long-term repayment terms, in the presence of favourable conditions (with the aim of managing the current unfavourable conditions and strong 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 (the Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations

Key non-financial indicators

Pursuant to Art. 2428 of the Italian Civil Code, 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 considered meaningful to present non-financial indicators.

Information on the environment

The Company dedicates special attention to ensuring that production and operating activities comply with the applicable regulations and international agreements, seeking to introduce and disseminate a culture that continuously improves environmental performance and the safety of products and processes, while also safeguarding personnel and installations.

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

Personnel

The workforce totals 35 employees in the financial year from 01/04/2022 to 31/03/2023, while the average during the year was 38.

The principal training activities during the twelve months ended 31/3/2023 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

In accordance with point 1) of the third paragraph of art. 2428 of the Italian Civil Code, we can confirm that development activities were carried out during the year, applied in particular to the product and focused on optimising the performance of the APTC EVO and APTC PLUS clutches, aimed at solving the needs identified in the applications used in the various target markets. Development benefited from the positive impulse provided by the entry into operation of the test bench which will make it possible to accelerate the timing and validation of the innovative technological solutions as they are identified.

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 current assets

Description	FY 2023	FY 2022	Change
from parent companies	20,072	31,769	(11,697)
from fellow subsidiaries	2,778	-	2,778
Total	*22,850*	*31,769*	*(8,919)*

Receivables due from the parent company (€ 20,072 at 31/03/2023) refer to the trade receivables due from Endurance Overseas S.r.l. under the group tax election made pursuant to arts. 117-129 of the Consolidated Income Tax Act.

The amount receivable from fellow subsidiaries (€ 2,778 at 31/03/2023) relates to the trade receivables due from Endurance NewFren S.r.l.

Payables to and loans from affiliates

Description	FY 2023	FY 2022	Change
due to parent companies	162,734	3,165,113	(3,002,379)
due to fellow subsidiaries	4,895	1,688	3,207
Total	*167,629*	*3,166,801*	*(2,999,172)*

Payables due to the parent company are trade payables due to the direct parent Endurance Overseas S.r.l. and to the indirect parent Endurance Technologies Limited. The decrease refers for € 3,000,000 to the conversion of part of the receivables owed to the parent company Endurance Overseas S.r.l. into an extraordinary reserve during the year.

Payables due to fellow subsidiaries refer to outstanding relationship with l other Group companies; especially to NewFren S.r.l. (€ 3,650) and Frenotecnica S.r.l. (€ 1,101).

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, we can confirm that the Company did not hold any shares or quotas in the parent company during the year.

Business outlook

The last quarter of the calendar year 2022 showed a marked slowdown in GDP in all western economies. For 2023, the International Monetary Fund forecasts world economic growth of 2.8%, which drops to 1.6% for the USA and 0.8% for the Eurozone (including -0.1% for Germany and +0.7% for France and Italy).

The growing weight of the cost of living and higher financial charges is weakening the purchasing power of consumers and the investment possibilities of businesses. It will depend on Central Banks to balance monetary policy tools appropriately and ensure that the sudden increase in rates needed to contain the increase in prices does not turn into a severe recession or "hard landing".

Having reached 11% in the latter part of 2022, there are signs of inflation slowing down in many European countries as energy prices have recently fallen significantly compared with the dramatic peaks of 2022, but they are still much higher than they were pre-2020 (2-3 times). A return to prior conditions is hard to foresee in the near future, given that geopolitical tensions do not seem destined to ease, also due to the lack of concrete solutions that could bring an end to the war, as everyone hopes. However, it is worth mentioning that the Company does not operate directly on the Russian or Ukrainian markets, so it is not suffering direct consequences from the war, except for the adverse effects on overall market conditions.

For the time being, there is still a general sense of uncertainty which makes it hard to imagine how the various scenarios deriving from the geopolitical crisis could affect the fate of the world economy and what the repercussions might be for the motorcycle sector. If conditions remain sufficiently balanced, expectations are that the Company should achieve a positive result in FY 2023-2024.

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 or other.

Conclusion

In light of the considerations set out above and of the disclosures made in the notes, we invite the shareholders:
- to approve the financial statements at 31/03/2023 together with the accompanying notes and report on operations;
- to allocate the result for the year in accordance with the proposal made in the explanatory notes.

Rovereto, 11/05/2023

For the Board of Directors
The Managing Director

Giuseppe Lisciani

General information on the company

Company data

Name:	ENDURANCE ADLER SPA
Registered office:	VIA DI VITTORIO, 20/22 ROVERETO (TN)
Share capital:	840,000.00
Share capital fully paid in:	yes
Chamber of Commerce:	TN
VAT Number:	00106120223
Tax code:	00106120223
REA Number:	53464
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	293209
Company in liquidation:	no
Company with sole shareholder:	yes
Company subject to management control and coordination:	yes
Name of the company or entity that exercises management control and coordination:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY
Cooperatives register number:	

Financial statements for the year ended 31/03/2023

Balance sheet

	31/03/2023	31/03/2022
Assets		
B) Fixed assets		
I - Intangible assets	-	-
1) Start-up and expansion costs	2,659	4,178
2) Development costs	65,000	514,648
3) Industrial patents and intellectual property rights	792,206	1,181,958
4) Concessions, licences, trademarks and similar rights	872,344	993,840

	31/03/2023	31/03/2022
6) Assets in process of formation and advance payments	15,400	15,400
7) Other	10,551	18,109
Total intangible assets	*1,758,160*	*2,728,133*
II - Tangible assets	-	-
1) Land and buildings	1,844,419	1,911,333
2) Plant and machinery	1,604,832	733,610
3) Industrial and commercial equipment	182,188	109,128
4) Other assets	34,772	26,114
5) Assets under construction and advance payments	76,140	261,000
Total tangible assets	*3,742,351*	*3,041,185*
III - Long-term financial assets	-	-
1) Equity investments in	-	-
d-bis) other companies	22	22
Total equity investments	*22*	*22*
2) Receivables	-	-
d-bis) from others	-	320,000
due within one year	-	320,000
Total receivables	*-*	*320,000*
Total long-term financial assets	*22*	*320,022*
Total fixed assets (B)	*5,500,533*	*6,089,340*
C) Current assets		
I - Inventories	-	-
1) Raw materials, ancillary materials and consumables	858,800	522,780
2) Work in process and semi-finished products	579,958	299,845
4) Finished products and goods	512,633	435,082
Total inventories	*1,951,391*	*1,257,707*
II - Receivables	-	-
1) from customers	1,008,703	1,728,378
due within one year	1,008,703	1,728,378
4) from parent companies	20,072	31,769
due within one year	20,072	31,769
5) from fellow subsidiaries	2,778	-
due within one year	2,778	-
5-bis) tax receivables	872,141	279,184
due within one year	872,141	279,184

	31/03/2023	31/03/2022
5-ter) deferred tax assets	1,249,416	1,322,005
5-quater) due from others	321,394	398,676
due within one year	304,984	392,266
due beyond one year	16,410	6,410
Total receivables	*3,474,504*	*3,760,012*
III - Current financial assets	-	-
treasury management assets	366,776	929,876
Total current financial assets	*366,776*	*929,876*
IV - Cash and cash equivalents	-	-
1) Bank and postal deposits	1,198,230	560,953
3) Cash on hand	2,653	826
Total cash and cash equivalents	*1,200,883*	*561,779*
Total current assets (C)	*6,993,554*	*6,509,374*
D) Accrued income and prepaid expenses	**49,831**	**50,578**
Total assets	*12,543,918*	*12,649,292*
Liabilities and equity		
A) Equity	**5,683,039**	**2,501,287**
I - Share capital	840,000	840,000
II - Share premium reserve	3,599,457	3,599,457
VI - Other reserves, shown separately	-	-
Extraordinary reserve	3,000,000	-
Total other reserves	*3,000,000*	*-*
VIII - Retained earnings (accumulated losses)	(1,938,170)	(2,106,039)
IX - Net income (loss) for the year	181,752	167,869
Total equity	5,683,039	2,501,287
B) Provision for risks and charges		
4) other	423,564	461,064
Total provisions for risks and charges	*423,564*	*461,064*
C) Employee termination indemnities	**181,514**	**254,747**
D) PAYABLES		
6) advances	339,485	511,289
due within one year	339,485	511,289
7) trade payables	2,199,428	1,308,757
due within one year	2,199,428	1,308,757
11) due to parent companies	162,734	3,165,113

	31/03/2023	31/03/2022
due within one year	162,734	165,113
due beyond one year	-	3,000,000
11-bis) due to fellow subsidiaries	4,895	1,688
due within one year	4,895	1,688
12) tax payables	86,876	165,969
due within one year	86,876	165,969
13) due to pension and social security institutions	333,513	385,022
due within one year	333,513	385,022
14) other payables	299,777	368,276
due within one year	299,777	268,276
due beyond one year	-	100,000
Total payables	*3,426,708*	*5,906,114*
E) Accrued expenses and deferred income	**2,829,093**	**3,526,080**
Total liabilities and equity	*12,543,918*	*12,649,292*

Income statement

	31/03/2023	31/03/2022
A) Value of production		
1) Revenues from sales of goods and services	10,568,516	7,545,713
2) Change in inventories of work in progress, semi-finished and finished products	451,634	418,105
4) Increases in non-current assets from in-house production	-	419,648
5) Other income and revenues	-	-
Operating grants	144,398	114,900
Other	50,493	51,397
Total other income and revenues	*194,891*	*166,297*
Total value of production	*11,215,041*	*8,549,763*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	4,715,614	3,007,632
7) services	3,064,660	2,531,690
8) lease and rental charges	54,514	101,288
9) payroll	-	-
a) wages and salaries	1,436,247	1,165,111
b) social contributions	422,812	428,582

	31/03/2023	31/03/2022
c) employee termination indemnities	95,600	93,768
e) other costs	33,102	43,006
Total payroll costs	*1,987,761*	*1,730,467*
10) Depreciation, amortisation and writedowns	-	-
a) amortisation of intangible assets	973,494	590,360
b) depreciation of tangible assets	332,084	328,433
Total depreciation, amortisation and writedowns	*1,305,578*	*918,793*
11) Change in inventory of raw and ancillary materials, consumables and goods	(242,051)	(39,124)
14) Other operating expenses	43,430	144,976
Total cost of production	*10,929,506*	*8,395,722*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**285,535**	**154,041**
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income	-	-
d) Income other than the above	-	-
Other	36,248	-
Total income other than the above	*36,248*	-
Total other financial income	*36,248*	-
17) Interest and other financial charges	-	-
parent companies	73,411	18,382
other	1,980	20,718
Total interest and other financial charges	*75,391*	*39,100*
17-bis) Exchange gains and losses	7,260	(8,119)
Total financial income and charges (15+16-17+-17-bis)	*(31,883)*	*(47,219)*
Income (loss) before taxes (A-B+-C+-D)	**253,652**	**106,822**
20) Income taxes for the year, current and deferred		
current taxation	-	42,806
taxation relating to prior years	(1,023)	-
deferred taxation	72,589	(118,697)
income (charges) from tax consolidation/tax transparency	(334)	(14,844)
Total income taxes for the year, current and deferred	*71,900*	*(61,047)*
21) Net income (loss) for the year	**181,752**	**167,869**

Statement of cash flows (indirect method)

	Amount at 31/03/2023	Amount at 31/03/2022
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	181,752	167,869
Taxation	71,900	(61,047)
Interest expense/(interest income)	31,883	47,219
(Gains)/losses from disposal of assets	-	(6,271)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	*285,535*	*147,770*
Adjustments for non-cash items that had no contra-entry in net working capital		
Provisions	95,600	93,768
Depreciation and amortisation of fixed assets	1,305,578	918,793
Total adjustments for non-cash items that had no contra-entry in net working capital	*1,401,178*	*1,012,561*
2) Cash flow before changes in net working capital	*1,686,713*	*1,160,331*
Change in net working capital		
Decrease/(Increase) in inventory	(693,684)	(457,229)
Decrease/(Increase) in trade receivables	748,666	(803,999)
Increase/(Decrease) in trade payables	891,499	(1,882,181)
Decrease/(Increase) in accrued income and prepaid expenses	747	21,616
Increase/(Decrease) in accrued expenses and deferred income	(696,987)	1,103,387
Other decreases/(Other increases) in net working capital	(845,189)	341,399
Total changes in net working capital	*(594,948)*	*(1,677,007)*
3) Cash flow after changes in net working capital	*1,091,765*	*(516,676)*
Other adjustments		
Interest collected/(paid)	(31,883)	(47,219)
(Income taxes paid)	(40,774)	(70,667)
(Use of provisions)	(206,333)	(636,634)
Total other adjustments	(278,990)	*(754,520)*
Cash flow from operating activities (A)	***812,775***	***(1,271,196)***
B) Cash flows from investing activities		
Tangible assets		
(Additions)	(1,032,474)	(467,847)
Disposals	(776)	9,983
Intangible assets		
(Additions)	(3,521)	(407,121)
Long-term financial assets		

	Amount at 31/03/2023	Amount at 31/03/2022
Disposals	300,000	480,002
Cash flow from investing activities (B)	***(736,771)***	***(384,983)***
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	563,100	(929,876)
Own funds	-	
Cash increase in capital	-	2,000,000
Cash flow from financing activities (C)	***563,100***	***1,070,124***
Increase (decrease) in cash and cash equivalents (a ± b ± c)	***639,104***	***(586,055)***
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	560,953	1,146,477
Cash on hand	826	1,357
Total cash and cash equivalents at the beginning of the year	**561,779**	**1,147,834**
Cash and cash equivalents at the end of the year		
Bank and postal deposits	1,198,230	560,953
Cash on hand	2,653	826
Total cash and cash equivalents at the end of the year	**1,200,883**	**561,779**

Information on the statement of cash flows

The statement of cash flows 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.

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 € 563,100 during the year).

Lastly, it should be noted that the increase in the Extraordinary Reserve through the waiver of the loan of Euro 3 million granted by the parent company Endurance Overseas S.r.l. represents a non-monetary transaction which is therefore not reflected in the statement of cash flows.

Explanatory notes - first part

Shareholders,

These explanatory notes are an integral part of the financial statements for the year ended 31/03/2023.

The financial statements that we are submitting for your approval close with a net income of € 181,752 after providing for current and deferred taxes and consolidation adjustments which resulted in charges of € 71,900 and net of depreciation and amortisation of € 1,305,578.

The financial statements for the year ended 31 March 2023 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

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

However, while there was an easing of the pandemic emergency which led to the progressive restoration of pre-crisis working conditions, conditions were aggravated because of the effect of the conflict in Ukraine with serious consequences on the persistence of the extraordinary rise in the prices of energy and raw materials seen mainly in the first half of the year. These are all indirect effects as the Company does not have direct relationships with customers and suppliers in the territories affected by the conflict, nor does it have any production facilities there. The sharp rise in energy costs was only partially mitigated by the measures put in place.

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 notes agree with the books of account, from which they have been directly prepared. The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the Italian Civil Code.

The accounting policies 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 of the Italian Civil Code, 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 asset or liability 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 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.

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

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

Accounting policies

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

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2426 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

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

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

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the 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 patents	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 assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 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, the asset is written down accordingly, regardless of the amortisation already recorded; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

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

Tangible assets

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

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

Tangible assets are depreciated systematically each year.

Tangible 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%
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 assets concerned and depreciated over their residual useful lives.

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

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

Impairment (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 long-term financial assets)

The equity investments and debt securities classified as non-current 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 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, also 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 the 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.

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

Intangible assets

"Intangible assets" total € 1,758,160 at 31/03/2023, after charging amortisation of € 973,494 to the income statement.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Develop-ment costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Balance at the beginning of the year								
Cost	10,061	580,280	3,034,439	1,214,962	228,459	15,400	118,422	5,202,023
Depreciation (Accumulated depreciation)	5,883	65,632	1,852,481	221,122	228,459	-	100,313	2,473,890
Carrying amount	4,178	514,648	1,181,958	993,840	-	15,400	18,109	2,728,133
Changes during the year								
Additions	-	-	3,521	-	-	-	-	3,521
Depreciation for the year	1,519	449,648	393,273	121,496	-	-	7,558	973,494
Total changes	*(1,519)*	*(449,648)*	*(389,752)*	*(121,496)*	-	-	*(7,558)*	*(969,973)*
Balance at the end of the year								
Cost	10,061	580,280	3,037,960	1,214,962	228,459	15,400	118,422	5,205,544
Depreciation (Accumulated depreciation)	7,402	515,280	2,245,754	342,618	228,459	-	107,871	3,447,384
Carrying amount	2,659	65,000	792,206	872,344	-	15,400	10,551	1,758,160

“Start-up and expansion costs” reflect the capitalisation of costs incurred by the Company during the previous year to adjust to the new corporate structure.

"Development costs" include the capitalisation of costs incurred during the previous year in relation to the activities carried on by the Company for the development of new products and the implementation of improvements and innovative processes, carried out in the context of the activities of the technical and industrialisation offices.

“Industrial patents and intellectual property rights” principally include the value recognised by the Company of the patents and know-how relating to the production of clutches and braking systems for motorcycles.

“Concessions, licences, trademarks and similar rights” principally include trademarks registered by the Company as distinctive signs.

“Other intangible assets” relate to improvements and maintenance to leasehold properties.

Considering the latest forward-looking scenarios and the current pandemic situation, no evidence of possible impairment of intangible assets has been found and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9.

Tangible assets

Gross tangible assets, including assets under construction and advances, prior to accumulated depreciation, amount to €23,175,174 at 31/03/2023, taking into consideration the write-downs made in previous years for a total of €2,253,252; Accumulated depreciation totals € 19,432,823 at 31/03/2023, including the depreciation charge for the year of € 332,084.

The principal assets in this category comprise land and buildings (a net amount of € 1,844,419 at 31 March 2023), 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 € € 1,604,832 at 31/03/2023) used in the Company's production activities.

Movements in tangible 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 assets	Assets under construction and advance payments	Total tangible assets
Balance at the beginning of the year						
Cost	4,893,926	9,227,063	9,020,883	1,021,764	261,000	24,424,636
Depreciation (Accumulated depreciation)	2,110,755	7,198,259	8,825,535	995,650	-	19,130,199
Writedowns	871,838	1,295,194	86,220	-	-	2,253,252
Carrying amount	1,911,333	733,610	109,128	26,114	261,000	3,041,185
Changes during the year						
Additions	37,897	748,557	138,077	26,715	81,228	1,032,474
Reclassifications (of the carrying amount)	-	266,088	-	-	(266,088)	-
Depreciation for the year	104,811	143,423	65,017	18,833	-	332,084
Total changes	*(66,914)*	*871,222*	*73,060*	*8,658*	*(184,860)*	*701,166*
Balance at the end of the year						
Cost	4,931,823	10,241,708	9,158,960	1,019,795	76,140	25,428,426
Depreciation (Accumulated depreciation)	2,215,566	7,341,682	8,890,552	985,023	-	19,432,823
Writedowns	871,838	1,295,194	86,220	-	-	2,253,252
Carrying amount	1,844,419	1,604,832	182,188	34,772	76,140	3,742,351

The additions for acquisitions to plant and machinery form part of the modernisation of production lines at the Rovereto plant and concern above all the purchase of an innovative test bench for testing components on vehicles in operation.

Finance leases

The Company is not party to any finance lease contracts at the balance sheet date.

Long-term financial assets

Long-term financial assets at 31/03/2023 amount to € 22 and consist of equity investments in other companies.

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
Other receivables	320,000	(320,000)	-
Total	**320,000**	**(320,000)**	**-**

The receivables, all of which were collected during the year, referred to the amounts due from Amfin Holding S.p.A.

Current assets

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

Inventories

The inventories reported in the balance sheet at 31/03/2023 total € 1,951,391, net of an allowance amounting to € 1,433,087, set aside in previous years and inclusive of the adjustments for the year totalling € 55,038, used for € 104,911 in proportion of the valuation of the impact of the potential risks associated with obsolete and slow-moving items.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
raw materials, ancillary materials and consumables	522,780	336,020	858,800
work in process and semi-finished products	299,845	280,113	579,958
finished products and goods	435,082	77,551	512,633
Total	*1,257,707*	*693,684*	*1,951,391*

The increase in the net value of inventories reflects the upward trend in the Company's turnover compared with FY 2021-2022.

Current receivables

The receivables booked to current assets amount to € 3,474,504 at 31/03/2023. They are shown at their estimated realisable value as application of the amortised cost or discounting methods would not have been suitable for providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	1,728,378	(719,675)	1,008,703	1,008,703	-
Receivables due from parent companies	31,769	(11,697)	20,072	20,072	-
Receivables due from fellow subsidiaries	-	2,778	2,778	2,778	-
Tax receivables	279,184	592,957	872,141	872,141	-
Deferred tax assets	1,322,005	(72,589)	1,249,416	-	-
Other receivables	398,676	(77,282)	321,394	304,984	16,410
Total	**3,760,012**	(285,508)	3,474,504	2,208,678	16,410

Trade receivables (€ 1,008,703 at 31/03/2023) have fallen compared with the previous year due to the different trend in monthly sales, also because of a different customer mix. 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 situation of the health emergency, it is worth pointing out that no really critical issues emerged in collections from customers, the value of which has grown on the previous year, in line with the trend in sales volumes.

Receivables due from parent companies (€ 20,072 at 31/03/2023) refer to a receivable from Endurance Overseas S.r.l. as part of the tax consolidation pursuant to arts. 117-129 of the Income Tax Consolidation Act.

Receivables due from fellow subsidiaries (€ 2,778 at 31/03/2023) refer to a trade receivables from New Fren S.r.l.

Tax receivables (€ 872,141 at 31/03/2023) mainly refer to VAT credits owed by the Italian tax authorities (€337,597), the R&D tax credit pursuant to art. 1, paragraph 35, Law 190 of 23 December 2014 (€ 449,070) and miscellaneous credits for the balance.

Deferred tax assets total € 1,249,416 at 31/03/2023 and mainly relate to tax losses not yet used 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 latest forecasts.

Other receivables (€ 321,394 at 31/03/2023) comprise various non-trade receivables including € 193,016 due from the Rovereto INPS treasury funds and advances to suppliers of € 109,736.

Breakdown of current receivables by geographical area

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the motorcycle and automotive sectors and that they have legal entities and factories located in several countries.

Current financial assets

Movements in current financial assets

Pursuant to art. 2423-ter, para. 3 of the 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 Endurance Overseas S.r.l. 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	929,876	(563,100)	366,776
Total	*929,876*	*(563,100)*	*366,776*

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	560,953	637,277	1,198,230
cash on hand	826	1,827	2,653
Total	*561,779*	*639,104*	*1,200,883*

This item principally comprises the balance on bank current accounts at 31 March 2023.

The changes in cash and cash equivalents are analysed in the statement of cash flows.

Accrued income and prepaid expenses

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Prepaid expenses	50,578	(747)	49,831
Total accrued income and prepaid expenses	**50,578**	**(747)**	**49,831**

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, we can confirm that no financial charges have been capitalised.

Explanatory notes - liabilities and equity

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

Shareholders' equity

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

Changes in equity items

With reference to the year just ended, the table below sets out changes - with reference to the years ended 31/03/2022 and 31/03/2023 - in the components of shareholder's equity, as well as details of other reserves, if any.

31/03/2022:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	120,000	-	720,000	-	840,000
Share premium reserve	2,319,457	-	1,280,000	-	3,599,457
Retained earnings (accumulated losses)	(880,809)	(1,225,231)	1	-	(2,106,039)
Net income (loss) for the year	(1,225,231)	1,225,231	-	167,869	167,869
Total	**333,417**	**-**	**2,000,001**	**167,869**	**2,501,287**

31/03/2023:

	Balance at the beginning of the year	Allocation of the prior year result - Other allocations	Other changes - Increases	Result for the year	Balance at the end of the year
Capital	840,000	-	-	-	840,000
Share premium reserve	3,599,457	-	-	-	3,599,457
Extraordinary reserve	-	-	3,000,000	-	3,000,000
Retained earnings (accumulated losses)	(2,106,039)	167,869	-	-	(1,938,170)
Net income (loss) for the year	167,869	(167,869)	-	181,752	181,752
Total	**2,501,287**	**-**	**3,000,000**	**181,752**	**5,683,039**

On 27 March 2023 the shareholders' meeting of Endurance Overseas S.r.l. approved the full conversion into an extraordinary reserve of the previous loan of € 3,000,000 granted to the company in order to strengthen its capital structure and allow it to complete its investment plan. The share capital, which consists of 840,000 shares with a par value of € 1.00 each, is fully subscribed and paid.

Availability and use of 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	840,000	Capital		-	-
Share premium reserve	3,599,457	Capital	A;B;C	3,599,457	-
Extraordinary reserve	3,000,000	Capital	A;B;C	3,000,000	-
Retained earnings (accumulated losses)	(1,938,170)	Revenue	A;B;C	-	167,869
Total	**5,501,287**			**6,599,457**	**167,869**
Amount not distributable				3,420,586	
Residual amount distributable				3,178,871	
Key: A: for increase in capital; B: to cover losses; C: for distribution to shareholders; D: for other statutory requirements; E: other					

The non-distributable portion shown in the above table refers to the simultaneous presence of losses carried forward, development costs that have not yet been fully amortised, deferred tax assets that fall within the category of assets not yet realised and the portion to be allocated to the legal reserve.

Provisions for risks and charges

The provisions for risks and charges have been created to cover known or likely liabilities, the timing or extent of which cannot be determined at the reporting date.

These provisions were recognised on a prudence and accrual basis, in accordance with the instructions contained in accounting principle OIC 31. The related provisions are charged to the income statement in the year to which they refer and classified according to the nature of the costs.

	Balance at the beginning of the year	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Other provisions	461,064	37,500	(37,500)	423,564

This item refers to potential liabilities of various nature (trade, tax, employment, etc.). The utilisations were to cover labour law risks in the context of the corporate reorganisation after the Company joined the Endurance Group

Employee termination indemnities

Employee termination indemnities amount to € 181,514 at 31/03/2023 (€ 254,747 at v31/03/2022). The changes during the year are summarised below

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Balance at the end of the year
Provision for employee termination indemnities	254,747	95,600	168,833	(73,233)	181,514
Total	**254,747**	**95,600**	**168,833**	**(73,233)**	**181,514**

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The uses recorded in the period are related to advances paid to employees on termination of employment. The amount shown in the financial statements (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable, which are illustrated in the other change column. The significant reduction in the provision for severance indemnities is attributable to utilisations for staff departures, mainly to implement the mobility plan agreed with the social partners.

Payables

Payables total € 3,426,708 at 31/03/2023.

Changes and maturities of payables

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Advances	511,289	(171,804)	339,485	339,485	-
Trade payables	1,308,757	890,671	2,199,428	2,199,428	-
Payables due to parent companies	3,165,113	(3,002,379)	162,734	162,734	-
Payables due to fellow subsidiaries	1,688	3,207	4,895	4,895	-
Tax payables	165,969	(79,093)	86,876	86,876	-
Due to pension and social security institutions	385,022	(51,509)	333,513	333,513	-
Other payables	368,276	(68,499)	299,777	299,777	-
Total	**5,906,114**	**(2,479,406)**	**3,426,708**	**3,426,708**	**-**

Advances of € 339,485 at 31/03/2023 refer to amounts due from customers for the realisation of orders.

Trade payables, € 2,199,428 at 31/03/2023, recorded an increase of € 890,671 during the year, in line with the increase in business volumes achieved compared with the previous period and the investments made during the year.

Payables due to parent companies refer entirely to trade payables to the direct parent company Endurance Overseas S.r.l. and to the indirect parent company Endurance Technologies Limited. The decrease refers, for € 3,000,000, to the aforementioned conversion of part of the receivables claimed by Endurance Overseas S.r.l. into an extraordinary reserve.

Payables due to fellow subsidiaries refer to outstanding relationship with other group companies: especially NewFren S.r.l. (€ 3,650) and Frenotecnica S.r.l. (€ 1,101).

Tax payables of €86,876 at 31/03/2023 refer for €52,700 to withholding taxes on wages and salaries with the rest being other minor tax payables.

Other payables include amounts due to employees for wages and salaries and accruals to be paid (€ 293,968), as well as sundry other payables of a non-commercial nature.

There have not been any changes in the amount or conditions of payment of payables, nor breaches of contractual clauses related to the pandemic nor caused directly by the conflict in Ukraine, as the Company's customers and suppliers are not directly involved in these areas.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

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

Loans from share/quotaholders

The company has not received any loans from its share/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	55,150	53,742	108,892
Deferred income	3,470,930	(750,729)	2,720,201
Total accrued expenses and deferred income	**3,526,080**	**(696,987)**	**2,829,093**

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 prior years. 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 broken down according to their various 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.

Production value

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and bonuses, as well as the taxes directly connected to them.

Increases in non-current assets from in-house production are recognised on the basis of production cost which includes direct costs (material and direct labour, design costs, external supplies, etc.) and production overheads, for the portion reasonably attributable to the asset for the period of its manufacture until the asset is ready for use; using the same criteria, any charges relating to the financing of its manufacture are added.

Operating grants, which are recognised on an accrual basis in the year in which their receipt becomes certain, are included in line item A5 given that they supplement operating revenue and/or are deducted from operating costs.

The production value in 2022-2023 is analysed below with comparative figures:

Description	FY 31/03/2023	FY 31/03/2022	Change
1) Revenues from sales of goods and services	10,568,516	7,545,713	3,022,803
2) Change in inventories of work in progress, semi-finished and finished products	451,634	418,105	33,529
4) Increases in non-current assets from in-house production	-	419,648	(419,648)
5) Other income and revenues	194,891	166,297	28,594
Total	**11,215,041**	**8,549,763**	**2,665,278**

During the year, revenues increased in line with the rise in sales volumes thanks to the launch of new job orders following the relaunch initiatives undertaken by the company.

Other revenues and income mainly refer to operating grants of € 84,061 to reimburse R&D and innovation costs (pursuant to art. 1, paragraphs 198-209 of Law 160 of 27 December 2019) and to tax credits for € 60,337 accrued during the year as a result of Decree Law 176/2022.

Production cost

The following table provides a breakdown of production cost with comparative figures from the previous year.

Description	FY 31/03/2023	FY 31/03/2022	Change
Cost of raw and ancillary materials, consumables and goods for resale	4,715,614	3,007,632	1,707,982
Cost of services	3,064,660	2,531,690	532,970
Lease and rental charges	54,514	101,288	(46,774)
Payroll costs			-
Wages and salaries	1,436,247	1,165,111	271,136
Social contributions	422,812	428,582	(5,770)
Employee termination indemnities	95,600	93,768	1,832
Other costs	33,102	43,006	(9,904)
Amortisation of intangible assets	973,494	590,360	383,134
Depreciation of tangible assets	332,084	328,433	3,651
Other writedowns of fixed assets	-	-	-
Writedown of receivables included in current assets	-	-	-
Change in inventory of raw and ancillary materials, consumables and goods	(242,051)	(39,124)	(202,927)
Provisions for risks	-	-	-
Other operating expenses	43,430	144,976	(101,546)
Total	**10,929,506**	**8,395,722**	**2,533,784**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

These items, which together are in line as a percentage of production value compared with last year (68% versus 64%), have risen in line with turnover and the inflationary impact of the outbreak of war between Russia and Ukraine.

Payroll costs

This item, whose amount increased during the year compared with the previous year, albeit to a lesser extent than the increase in sales volumes, includes all of the costs related to employees, including bonuses, promotions, the cost of unused holidays and the various provisions required by law and collective labour agreements. It also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to income statement line B7.

Lease and rental charges

This item mainly includes the rental of operating facilities used by the Company, as well as rental charges for cars and other pieces of equipment. The reduction recorded during the year is mainly related to the conclusion of certain contracts and the revision of the conditions for other agreements outstanding.

Depreciation and amortisation

Depreciation and amortisation are charged over the useful life of each asset, considering how they are used in production. Note the reduction (which can also be seen in the impact on production value) of the item relating to the depreciation and amortisation of tangible and intangible assets compared with the previous year, as a result of additional depreciation applied in the previous year following a change in the useful life in line with the criteria applied by the Group, also in relation to the use of the assets in the context of production orders, as well as the actual technical obsolescence of the assets or of the useful life of capitalised intangible costs.

Other operating expenses and Other accruals

This item (which includes, among others, penalties charged to customers, local taxes and in general non-recurring costs not related to the core business) saw a reduction compared with the previous year, which was characterised by certain provisions for handling the reorganisation of the Company's operating structures following its entry into the Endurance Group.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income (€ 36,248) mainly refers to the financial effect of the extended payment terms granted to customers.

Financial charges (€ 75,391) include the interest expense owed to the parent company Endurance Overseas S.r.l. for €73,411 and other interest and bank charges for the rest.

Exchange gains and losses

Information on exchange gains or losses is shown below, distinguishing the realised portion from the portion deriving from valuations of assets and liabilities in foreign currency recorded in the financial statements at the end of the year.

Description	Amount in the financial statements	Valuation portion	Realised portion
Exchange gains and losses	*7,260*		
Exchange gains		-	32,964
Exchange losses		-	25,704
Total item		**-**	**7,260**

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 for statutory reporting purposes.

Note that starting from the financial year under review, the Company joined the group taxation regime pursuant to art. 117-129 of the TUIR (tax code), together with its parent company Endurance Overseas Srl.

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

	FY 2022-2023	FY 2021-2022
Income taxes	**71,900**	**(61,047)**
Current taxation		
of which: IRES for the year (current)	-	-
of which: IRAP for the year (current)	-	42,806
Taxation relating to prior years	(1,023)	-
Deferred tax assets and liabilities	72,589	(118,697)
income (charges) from tax consolidation	(334)	(14,844)

The charge for joining the tax consolidation highlights the effect of the Company's adhesion to the group taxation regime.

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	1,235,679	1,195,895
Total taxable temporary differences	958,182	1,042,316
Net temporary differences	(277,497)	(153,579)
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(1,218,106)	(103,899)
Deferred tax liability (assets) of the year	66,599	5,990
Provision for deferred tax liability (assets) at the end of the year	(1,151,507)	(97,909)

The balance of deferred tax assets and liabilities shown in the table reflects the reversal of deferred tax assets recognised in prior years and the current year recognition of new deferred tax assets and liabilities.

For IRES purposes, the principal temporary differences affecting deferred taxation relate to the recognition of tax losses, provisions and impairment adjustments, while reversals mainly relate to the release of deferred licence revenues that, for tax purposes, were taxed in full in the year in which the licence was granted.

For IRAP purposes, the principal temporary differences relate to the provisions and impairment adjustments recorded during the year, while the reversals were influenced by the release of deferred licence revenues that, for tax purposes, were taxed in full in the year in which the licence was granted.

Explanatory notes - other information

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

Employment data

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

	Executives	White collar	Blue collar	Total employees
Average number	1	16	18	35

The workforce at 31 March 2023 (consisting solely of Company employees) comprises 34 persons.

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

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

	Board of Statutory Auditors
Fees	15,160

Fees of the independent auditor or firm of auditors

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Independent audit of the annual financial statements	Other non-audit services	Total fees earned by the independent auditor or firm of auditors
Amount	12,600	1,250	13,850

Deloitte & Touche S.p.A. has been engaged to perform the independent audit. The costs for auditing the annual accounts also include the fees for checking that the books of account have been kept regularly, while the other services performed refer to activities required prior to signing the tax return.

Securities issued by the company

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

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 ICC.

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 ICC.

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 ICC.

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 in 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.

It is worth mentioning that the Company does not operate directly on either the Russian or the Ukrainian market, so it is not suffering direct consequences from the war, except for the impact of the increase in cost of raw materials, including energy and gas, like everyone else. The Company has endeavoured to mitigate them wherever possible.

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

The following table shows the information about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary, as per art. 2427, points 22-quinquies and 22-sexies of the Italian Civil Code.

	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 derivatives.

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84,134 (86.099 on 31 March 2021) - (source Thomson Reuters/RBI):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Liabilities and shareholder's equity		
Equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and equity	**37,393.40**	**34,376.47**

Income Statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Net income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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

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

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

It should be noted that the following concessions, other than those aimed at businesses in general, were granted or recognised, but did not result in the disbursement of cash flows during the year:

- benefits recorded in relation to the accrual of tax credits for R&D and innovation expenses under art. 1, paragraphs 198-209 of Law no. 160 of 27 December 2019 (impact on the income statement for a total of € 84,061, not yet subject to offsetting with taxes for the year).

Proposed allocation of profits or coverage of losses

Shareholders,

In light of the matters explained above, the Board of Directors proposes to allocate the net income for the year of € 181,752 as follows:

- € 168,000 to the legal reserve.
- € 13,752 to retained earnings.

Explanatory notes - closing section

Shareholders,

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 Company's financial position and results for the year and agree with the accounting records. We therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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 accounting records.

Rovereto, 11/05/2023

For the Board of Directors

Giuseppe Lisciani

ENDURANCE ADLER SPA

Head office: VIA DI VITTORIO, 20/22 - ROVERETO (TN)
Trento Companies Register
Trento Chamber of Commerce and Tax Code No. 00106120223
Trento Business Register (REA) no.TN 53464
Share capital: € 840,000.00 subscribed and fully paid
VAT Number: 00106120223
Management control and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Statutory Auditors

Financial statements at 31/03/2023

Shareholders,

Pursuant to the current articles of association, the Board of Statutory Auditors has been assigned the task of administrative supervision, while the independent audit was assigned to Deloitte & Touche S.p.a. by the Shareholders' Meeting of 27/03/2023. Accordingly, this report only explains the supervisory work that we performed in accordance with the law.

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

During the course of the financial year ended 31/03/2023, our activities were performed in compliance with applicable legislation and the principles of conduct for the Board of Statutory Auditors issued by the Italian Accounting Profession (as represented by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

Activities carried out by the Board of Statutory Auditors during the year ended 31/03/2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The draft financial statements for the year ended 31/03/2023, 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 € 181,752, as may be seen from the summary figures provided below.

Balance sheet

Description	FY 2022/23	FY 2021/22	Difference
FIXED ASSETS	5,500,533	6,089,340	588,807-
CURRENT ASSETS	6,993,554	6,509,374	484,180

Description	FY 2022/23	FY 2021/22	Difference
PREPAID EXPENSES AND ACCRUED INCOME	49,831	50,578	747-
TOTAL ASSETS	12,543,918	12,649,292	105,374-

Description	FY 2022/23	FY 2021/22	Difference
SHAREHOLDERS' EQUITY	5,683,039	2,501,287	3,181,752
PROVISION FOR RISKS AND CHARGES	423,564	461,064	37,500-
PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	181,514	254,747	73,233-
PAYABLES	3,426,708	5,906,114	2,479,406-
ACCRUED EXPENSES AND DEFERRED INCOME	2,829,093	3,526,080	696,987-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,543,918	12,649,292	105,374-

Income Statement

Description	FY 2022/23	FY 2021/22	Difference
VALUE OF PRODUCTION	11,215,041	8,549,763	2,665,278
REVENUES FROM SALES OF GOODS AND SERVICES	10,568,516	7,545,713	3,022,803
PRODUCTION COST	10,929,506	8,395,722	2,533,784
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	285,535	154,041	131,494
RESULT BEFORE TAXES (A-B+-C+-D)	253,652	106,822	146,830
INCOME TAXES FOR THE YEAR, CURRENT AND DEFERRED	71,900	61,047-	132,947
PROFIT (LOSS) FOR THE YEAR	181,752	167,869	13,883

We have examined the draft financial statements for the year ended 31/03/2023, including the Report on Operations, in relation to which we point out the following.

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

More precisely, we note that:

- the accounting policies used in preparing the financial statements at 31/03/2023 comply with the Italian Civil Code as amended by Decree Law 139/2015;
- the Directors have provided information on the Company's performance and on the outlook for operations;
- the balance sheet and income statement formats adopted by the Company comply with articles 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code;
- Pursuant to art. 2426, paragraph 5 of the Italian Civil Code, we acknowledge that, with our consent, development costs have been recognised in balance sheet assets and we have verified that they met the recognition criteria of ascertainable future economic benefits;
- pursuant to art. 2426, para. 6, of the Italian Civil Code, the financial statements at 31/03/2023 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 recovered.

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

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

Result for the year

The net result ascertained by the Directors for the year ended 31/03/2023, as shown in the financial statements, is positive for € 181,752.

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 16/05/2023, we unanimously believe that there are no impediments to approval at the Shareholder's Meeting of the draft annual financial statements at 31/03/2023, as prepared and presented by the Directors.

Milan, 17/05/2023

The Board of Statutory Auditors

Fulvio Mastrangelo

Fabio Greco

Massimo Carera

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

Tel: +39 011 55971
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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
Endurance Adler S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Endurance Adler S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2023, 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Endurance Adler S.p.A. are responsible for the preparation of the report on operations of the Company as at March 31, 2023, 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, 2023 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, 2023 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 16, 2023

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

General information on the company

Company data

Name:	VEICOLI SRL
Registered office:	VIA DELL'ARSENALE 33, TURIN TO
Quota capital:	500,000
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT Number:	11225130019
Tax code:	11225130019
REA Number:	1197428
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	620100
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination:	yes
Name of the company or entity that exercises management control and coordination:	ENDURANCERTECHNOLOGIES LIMITED
Belonging to a Group:	yes
Name of the parent company:	ENDURANCE OVERSEAS S.R.L.
Country of the parent company:	ITALY
Cooperatives register number:	n/a

Financial statements for the year ended 31/03/2023

Condensed balance sheet

	31/03/2023	31/03/2022
Assets		
B) Fixed assets		
I - Intangible assets	46,392	56,237
II - Tangible assets	59,988	9,061
Total fixed assets (B)	*106,380*	*65,298*
C) Current assets		
I - Inventories	22,762	7,067

	31/03/2023	31/03/2022
II - Receivables	254,657	167,988
due within one year	254,657	167,988
III - Current financial assets	1,723,933	1,819,524
IV - Cash and cash equivalents	240,043	134,185
Total current assets (C)	*2,241,395*	*2,128,764*
D) Accrued income and prepaid expenses	**5,307**	**10,153**
Total assets	*2,353,082*	*2,204,215*
Liabilities and quotaholders' equity		
A) Shareholder's equity		
I - Quota capital	500,000	500,000
II - Share premium reserve	49,929	49,929
IV - Legal reserve	100	100
VI - Other reserves	1,332,651	1,332,651
VIII - Retained earnings (accumulated losses)	(82,054)	(98,505)
IX - Net income (loss) for the year	66,758	16,451
Total quotaholder's equity	*1,867,384*	*1,800,626*
B) Provision for risks and charges	**90,000**	**90,000**
C) Employee termination indemnities	**17,991**	**8,674**
D) PAYABLES	**309,221**	**235,601**
due within one year	309,221	194,436
due beyond one year	-	41,165
E) Accrued expenses and deferred income	**68,486**	**69,314**
Total liabilities and quotaholder's equity	*2,353,082*	*2,204,215*

Condensed income statement

	31/03/2023 (12 months)	31/03/2022 (3 months)
A) Value of production		
1) Revenues from sales of goods and services	931,135	154,179
2/3) change in inventory of work in process semi-finished and finished products and in contract work in progress	15,696	1,800
5) Other income and revenues	-	-
Operating grants	-	64,800

	31/03/2023 (12 months)	31/03/2022 (3 months)
Other	478	6,084
Total other income and revenues	*478*	*70,884*
Total value of production	*947,309*	*226,863*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	61,853	7,419
7) services	493,985	78,445
8) lease and rental charges	7,694	2,548
9) payroll	-	-
a) wages and salaries	178,876	75,091
b) social contributions	48,590	18,912
c/d/e) employee termination indemnities, pensions, other payroll costs	19,356	2,586
c) employee termination indemnities	9,401	1,753
e) other costs	9,955	833
Total payroll costs	*246,822*	*96,589*
10) depreciation, amortisation and writedowns	-	-
a/b/c) amortisation of intangible assets, depreciation of tangible assets, other writedowns	55,439	14,578
a) amortisation of intangible assets	39,106	13,059
b) depreciation of tangible assets	16,333	1,519
Total depreciation, amortisation and writedowns	*55,439*	*14,578*
14) other operating expenses	2,570	5,950
Total cost of production	*868,363*	*205,529*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**78,946**	**21,334**
C) FINANCIAL INCOME AND CHARGES		
16) other financial income	-	-
b/c) income from short- or long-term securities that are not considered equity investments	-	1
Total other financial income	*-*	*1*
17) interest and other financial charges	-	-
Other	517	176
Total interest and other financial charges	*517*	*176*
17-bis) Exchange gains and losses	(144)	(12)
Total financial income and charges (15+16-17+-17-bis)	*(661)*	*(187)*
Income (loss) before taxes (A-B+-C+-D)	**78,285**	**21,147**

	31/03/2023 (12 months)	31/03/2022 (3 months)
20) Income taxes for the year, current and deferred		
current taxation	14,725	4,244
taxation relating to prior years	(3,198)	452
Total income taxes for the year, current and deferred	*11,527*	*4,696*
21) Net income (loss) for the year	**66,758**	**16,451**

Note that the figures for the accounting period ended 31/03/2022 (a period of 3 months from 01/01/2022 to 31/03/2022 after the change in the year-end to bring it into line with that of the Endurance Group) are not comparable with those of the current year (a period of 12 months from 01/04/2022 to 31/03/2023).

Explanatory notes - first part

Quotaholders,

These explanatory notes form an integral part of the financial statements for the year ended 31/03/2023.

The financial statements have been prepared in a condensed format, since the limits set by Art. 2435-bis of the Italian Civil Code have not been exceeded for two consecutive financial years.

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

The content of the balance sheet and the income statement is that required by articles 2424 and 2425 of the Civil Code.

The explanatory notes, which have been prepared in accordance with Art. 2427 of the Civil Code, contain all the information needed for a correct interpretation of the financial statements.

This document will also provide the information required by points 3 and 4 of art. 2428 of the Civil Code, given that a directors' report on operations has not been drawn up as permitted by art. 2435-bis of the Civil Code.

The financial statements as at 31/03/2023 show net income for the year of € 66,758.

Basis of preparation

Preparation of the financial statements

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

With reference to the matter indicated in the introduction to the explanatory notes, it is hereby confirmed 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.

The financial statements, as these explanatory notes, have been drawn up in euro units.

Basis of preparation

The items in the financial statements are measured in accordance with the prudence and materiality concepts on a going concern basis.

Pursuant to art. 2423-bis, para. 1, point 1-bis of the Italian Civil Code, items are recognised and presented having regard for the substance of the operations or contracts concerned. In preparing the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure, and only profits that have been realised by the year end have been included. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Each component of every asset and liability caption is measured separately, in order to prevent any gains in one area from offsetting losses in another.

In cases where offsetting is permitted by law, the gross amounts to be offset are indicated in the notes.

Preparation of the financial statements

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

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

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

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

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

Changes in accounting policies

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

Comparability and compliance

Pursuant to art. 2423 ter of the Italian Civil Code, note that the figures at 31/03/2022 refer to a period of only 3 months (01/01/2022 – 31/03/2022). The figures for FY 01/04/2022 – 31/03/2023 are therefore not comparable with the previous year.

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.

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

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

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

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

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 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, the asset is written down accordingly, regardless of the amortisation already recorded; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

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

Tangible assets

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

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

Tangible assets are depreciated systematically each year. The rates applied are summarised in the following table:

Tangible asset items	Depreciation rate
Sundry and minor equipment	20.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	20.00%
Motor cars	20.00%
Assets costing less than € 516.46	100.00%

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

Depreciation is also charged on tangible 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 assets concerned and depreciated over their residual useful lives.

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

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

Impairment (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 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 long-term financial assets)

The equity investments and debt securities classified as long-term financial 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 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).
- 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.

Current 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 long-term financial assets.

Current financial 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 without exceeding the original cost.

Cash and cash equivalents

Cash and cash equivalents are carried at face value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accrued income and prepaid expenses

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.

Derivatives

Derivatives consist of financial assets and liabilities measured at fair value.

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

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

When derivatives hedge the risk of changes in future cash flows of the hedged instruments ("cash flow hedges"), the effective portion of the profits or losses on the derivative financial instrument is put into suspense in shareholders' equity (under the “Reserve for cash flow hedges”, net of tax). The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to 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 “Cash flow hedging reserve”) in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

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

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

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

Revenues

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

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

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

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

Costs

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

Dividends

Dividends are recognised in the year in which they are declared by the quotaholders' 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.

Translation of foreign currency items

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

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

This paragraph of the notes analyses the movements in intangible, tangible and financial fixed assets.

Intangible assets

	Start-up and expansion costs	Development costs	Total intangible assets
Balance at the beginning of the year			
Cost	33,676	168,347	202,023
Amortisation (Accumulated amortisation)	33,676	112,110	145,786
Carrying amount	-	56,237	56,237
Changes during the year			
Additions	-	29,261	29,261
Amortisation for the year	-	39,106	39,106
Total changes	-	*(9,845)*	*(9,845)*
Balance at the end of the year			
Cost	33,676	197,607	231,283
Amortisation (Accumulated amortisation)	33,676	151,215	184,891
Carrying amount	-	46,392	46,392

The value of the intangible assets recorded in these financial statements, net of accumulated amortisation, refer to research and development expenses incurred for the development of the know-how and IT products designed by the Company (for a net carrying amount of € 46,392 at 31/03/2023).

Tangible assets

	Industrial and commercial equipment	Other tangible assets	Total tangible assets
Balance at the beginning of the year			
Cost	2,635	33,275	35,910
Depreciation (Accumulated depreciation)	922	25,927	26,849
Carrying amount	1,713	7,348	9,061
Changes during the year			
Additions	63,409	3,851	67,260
Depreciation for the year	10,873	5,460	16,333
Total changes	*52,537*	*(1,610)*	*50,927*
Balance at the end of the year			
Cost	66,045	37,125	103,170
Carrying amount	54,250	5,738	59,988

Finance leases

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

Current assets

Inventories

The following table shows the changes in inventories

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Inventories (finished products and goods)	7,067	15,695	22,762
Total	**7,067**	**15,695**	**22,762**

Current receivables

The receivables shown under current assets have been measured at their estimated realisable value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

They are made up of the following sub-items, which have seen the following changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	100,486	107,540	208,026	208,026	-
Receivables due from fellow subsidiaries	-	25,620	25,620	25,620	-
Tax receivables	65,104	(52,171)	12,933	12,933	-
Other receivables	2,398	5,680	8,078	8,078	-
Total	**167,988**	**86,669**	**254,657**	**254,657**	**-**

Trade receivables (€ 208,026 at 31 March 2023) have increased versus the previous year, mainly because of the rise in turnover during the last part of the year.

Receivables due from fellow subsidiaries comprise trade receivables due from Endurance S.p.A. direct subsidiary of Endurance Overseas S.r.l.

The tax receivables mainly consist of IRES and IRAP advances (€ 8,543) paid during the year.

Other receivables mainly refer to advances paid to suppliers. .

Current financial assets

Movements in current financial assets

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

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Current financial assets	1,819,524	(95,591)	1,723,933
Total	**1,819,524**	**(95,591)**	**1,723,933**

Pursuant to article 2423-ter, paragraph 3 of the Italian Civil Code, and having verified the short-term due dates as foreseen in OIC 14, the Company recorded the receivable from Endurance Overseas Srl, the company that manages the Group's cash pooling system on the basis of an agreement that the Company signed during the year, under item C.3. "Current financial assets".

Cash and cash equivalents

Cash and cash equivalents are carried at their face value corresponding to the cash balance at the end of the year and the credit balances on bank current accounts. The following table shows the changes that took place during the year:

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	134,087	105,925	240,012
Cash on hand	98	(67)	31
Total	**134,185**	**105,858**	**240,043**

Accrued income and prepaid expenses

This item (which amounts to € 5,307) includes portions of revenues pertaining to the current year, which will be received in subsequent years.

Capitalised financial charges

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

Explanatory notes, liabilities and quotaholders' equity

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

Shareholders' equity

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

The following table summarises the changes in equity in the comparative period (01/01/2022 - 31/03/2022):

	Balance at the beginning of the year	Allocation of the prior year result	Other changes - Rounding	Result for the year	Balance at the end of the year
Capital	500,000	-	-	-	500,000
Share premium reserve	49,929	-	-	-	49,929
Legal reserve	100	-	-	-	100
Extraordinary reserve	32,180	-	-	-	32,180
Other reserves	1,300,471	-	-	-	1,300,471
Retained earnings (accumulated losses)	999	(99,503)	(2)	-	(98,505)
Net income (loss) for the year	(99,503)	99,503	-	16,451	16,451
Total	**1,784,176**	**-**	**(2)**	**16,451**	**1,800,626**

The following table summarises the changes in quotaholders' equity during the year in question (01/04/2022 - 31/03/2023):

	Balance at the beginning of the year	Allocation of the prior year result	Result for the year	Balance at the end of the year
Capital	500,000	-	-	500,000
Share premium reserve	49,929	-	-	49,929
Legal reserve	100	-	-	100
Extraordinary reserve	32,180	-	-	32,180
Other reserves	1,300,471	-	-	1,300,471
Retained earnings (accumulated losses)	(98,505)	16,451	-	(82,054)
Net income (loss) for the year	16,451	(16,451)	66,758	66,758
Total	**1,800,626**	**-**	**66,758**	**1,867,384**

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

Description	Amount	Origin/Nature	Potential use	Amount available	Summary of utilisation in previous three financial years - to cover losses
Capital	500,000	Capital	-	-	-
Share premium reserve	49,929	Capital	A,B	-	-
Legal reserve	100	Revenue	B	-	-
Extraordinary reserve	32,180	Revenue	A,B,C	32,180	-
Other reserves	1,300,471	Capital	A,B		-
Retained earnings (accumulated losses)	(82,054)	Revenue	A,B,C	(82,054)	16,451
Total	**1,800,626**			**(49,874)**	
Amount not distributable				146,292	-
Residual amount distributable				(196,166)	-
KEY: "A" increase in capital; "B" cover of losses; "C" distribution to shareholders; "D: for other statutory requirements; "E": other					

The non-distributable portion of the reserves refers to the amount that still has to be transferred to the legal reserve to reach one fifth of the quota capital pursuant to Article 2431 of the Italian Civil Code, as well as the R&D costs included in intangible assets that still have to be amortised.

Provisions for risks and charges

The provisions for risks and charges were recognised in accordance with the instructions contained in accounting principle OIC 31, the related provisions are charged to the income statement in the year to which they refer. The provisions (which amount to € 90,000) were set aside during the previous year to cover certain risks, while there were no changes during the current year.

Employee termination indemnities

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	Other changes during the year	Balance at the end of the year
Provision for employee termination indemnities	8,674	9,317	-	17,991
Total	**8,674**	**9,317**	**-**	**17,991**

The charge for the year (provision for employee termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund and the supplementary pension fund specified by each employee, where applicable.

Payables

Payables are shown in the financial statements at their face value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

The classification of payables in the various payable items is based on their nature (or origin) with respect to ordinary operations, regardless of the period of time within which the liabilities have to be extinguished.

The item in question is made up as follows:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	53,129	(12,586)	40,543	18,638	21,905
Trade payables	65,986	34,795	100,781	100,781	-
Payables due to parent companies	-	84,000	84,000	84,000	-
Tax payables	47,865	(21,948)	25,917	25,917	-
Due to pension and social security institutions	15,231	(1,758)	13,473	13,473	-
Other payables	53,390	(8,883)	44,507	44,507	-
Total	**235,601**	**73,620**	**309,221**	**287,316**	**21,905**

The amounts due to banks refer to loan agreements entered into with Unicredit and Banca d'Alba, based on the following characteristics:

Bank	Initial amount paid	Arrangement date and duration in years	Residual balance at 31/03/2023	Within one year	Beyond one year
Unicredit	30,000	08/03/2021 - 6	29,378	7,473	21,905
Banca Alba	56,000	27/02/2019 – 5	11,165	11,165	-
Amortised cost adjustment	-	-	-	-	-
Total	**86,000**		**40,543**	**18,638**	**21,905**

Payables due to parent companies total € 84,000 and relate mainly to administrative, financial services and support provided by the parent company Endurance Overseas S.r.l. to Group companies (based on specific service agreements), which have been entered into on an arm's length basis.

Tax payables mainly refer to VAT for € 20,721.

Other payables include amounts due to employees for salaries and accruals to be paid (€ 41,850).

Debt secured by collateral on company assets

In accordance with art. 2427, paragraph 1, no. 6 of the Civil Code, we can confirm that there are no payables with a duration of more than five years nor payables secured by liens on company assets.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Deferred income	69,314	(828)	68,486
Total accrued expenses and deferred income	**69,314**	**(828)**	**68,486**

Deferred income (€ 68,486) is of various kinds, mainly commercial, and the deferral of grants pertaining to future years.

Explanatory notes - income statement

The income statement show 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.

Note that the figures for the accounting period ended 31/03/2022 (a period of 3 months from 01/01/2022 to 31/03/2022 after the change in the year-end to bring it into line with that of the Endurance Group) are not comparable with those of the current year (a period of 12 months from 01/04/2022 to 31/03/2023).

Value of production

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and bonuses, as well as the taxes directly connected to them. Revenues from the provision of services are recognised when the service is rendered, i.e. when the service has been performed; in the case of services being provided on a continuous basis, the revenues are recognised for the portion that has accrued. As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter.

Revenues are recorded in the financial statements on an accrual basis, broken down as follows (prior-year figures are shown but they are not comparable because of the different length of the two accounting periods):

Description	FY 2022/2023 (12 months) (2023 months)	FY 2022 (3 months)	% Change Absolute
1) Revenues from sales of goods and services	931,135	154,179	776,956
2) Change in inventories of work in progress, semi-finished and finished products	15,696	1,800	13,896
3)Change in contract work in progress	-	-	-
4) Increases in non-current assets from in-house production	-	-	-
5) Other income and revenues			-
Operating grants	-	64,800	(64,800)
Other	478	6,084	(5,606)
Total	**947,309**	**226,863**	**720,446**

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

Details are shown below of the costs for the year and for the previous year (lasting only 3 months from 01/01/2022 to 31/3/2022, so not comparable):

Description	FY 2022/2023 (12 months)	FY 2022 (3 months)	Change
Cost of raw and ancillary materials, consumables and goods for resale	61,853	7,419	54,434
Cost of services	493,985	78,445	415,540
Lease and rental charges	7,694	2548	5,146
Payroll costs			-
Wages and salaries	178,876	75,091	103,785
Social contributions	48,590	18,912	29,678
Employee termination indemnities	9,401	1,753	7,648
Other costs	9,955	833	9122
Amortisation of intangible assets	39,106	13,059	26047
Depreciation of tangible assets	16,333	1,519	14814
Writedown of receivables included in current assets	-	-	-
Change in inventory of raw and ancillary materials, consumables and goods	-	-	-
Provisions for risks	-	-	-
Other operating expenses	2,570	5,950	-3380
Total	**868,363**	**205,529**	**662,834**

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income and charges (for net charges of € 517) are recognised on an accruals basis in relation to the portion accrued during the year.

There are also € 144 of charges relating to exchange differences realised during the period.

Amount and nature of revenues/costs of individual significance

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

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. Current taxes refer to taxes for the year as shown in the Company's tax returns; taxation relating to prior years includes direct taxes from previous years, as well as interest and penalties and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment with respect to the provision set aside in previous years. Lastly, deferred tax liabilities and assets involve positive or negative elements of income, respectively, subject to taxation or deduction in years other than those of the statutory accounts.

Taxation relating to prior years

No provision has been made in the income statement for deferred tax assets or liabilities, as it is believed that the temporary differences between the theoretical tax charge and the actual tax charge are of an immaterial amount compared with total taxable income. The composition of current taxation for the year is shown in the following table:

	FY 2022/2023 (12 months)	FY 2022 (3 months)
Income taxes	**11,527**	**4,696**
Current taxation		
of which: IRES for the year (current)	12,173	3,797
of which: IRAP for the year (current)	2,552	447
of which: Taxation relating to prior years	(3,198)	452
Deferred tax assets and liabilities	-	-

Explanatory notes - other information

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

Employment data

The average number of employees is analysed by category below.

	Executives	White collar	Blue collar	Total employees
Average number	-	3	-	3

The workforce at 31 March 2023 comprises 4 people.

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

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

Information about related-party transactions

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 in 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.

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).

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84,134 (85.813 on 31 March 2021) - (source European Central Bank):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Liabilities and shareholder's equity		
Quotaholders' equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and shareholders' equity	**37,393.40**	**34,376.47**

Income Statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Net income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

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 relating to start-ups, including those with a social vocation, and innovative SMEs

As regards the information required by art. 4 of Legislative Decree no. 3 of 24 January 2015 about research, development and innovation costs, the Company's expenditure on research, development and innovation was higher than 3% of its total value of production. The Company is also the holder of the rights to an original computer program registered in the special public register for computer programs; this patent is directly related to the corporate purpose and business activity.

Information 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 derivatives.

Treasury shares and shares in parent companies

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

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

In relation to the provisions of art. 1, paragraph 125-bis, of Law 124/2017, regarding the obligation to provide evidence in the explanatory note of any sums of money received during the financial year by way of subsidies, advantages, contributions or aid, in cash or in nature, not having a general nature and having no consideration, remuneration or compensation of any kind, by public administrations and by the subjects referred to in paragraph 125-bis of the same article, the Company certifies that it received no such sums during the year.

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 € 66,758 as follows:

- 4,160 to the legal reserve;
- € 62,598 to cover prior year losses.

Explanatory notes - closing section

We confirm that these financial statements, which comprise the balance sheet, income statement and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the accounting records. We therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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 accounting records.

Turin, 11/05/2023

For the Board of Directors

The Managing Director

Alessio Tirone

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

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

To the Sole Quotaholder of
Veicoli S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Veicoli S.r.l. (the "Company"), prepared in condensed format pursuant to Article 2435-bis of the Italian Civil Code, which comprise the balance sheet as at March 31, 2023 and the statement of income for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Veicoli 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 Veicoli S.r.l. does not extend to such data.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 16, 2023

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

General information on the company

Company data

Name:	FRENOTECNICA SRL
Registered office:	VIALE CAPRONI, 15 ROVERETO TN
Quota capital:	120,000.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TN
VAT Number:	01568330227
Tax code:	01568330227
REA Number:	161539
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	293209
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination:	yes
Name of the company or entity that exercises management control and coordination:	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:	n/a

Financial statements for the year ended 31/03/2023

Condensed balance sheet

	31/03/2023	31/12/2022
Assets		
B) Fixed assets		
I - Intangible assets	-	457
II - Tangible assets	317,059	310,735
III - Long-term financial assets	37,699	37,699
Total fixed assets (B)	*354,758*	*348,891*

	31/03/2023	31/12/2022
C) Current assets		
I - Inventories	634,063	660,338
II - Receivables	1,065,382	1,097,488
due within one year	942,842	974,975
due beyond one year	50,558	50,558
Deferred tax assets	71,982	71,955
IV - Cash and cash equivalents	801,825	891,195
Total current assets (C)	*2,501,270*	*2,649,021*
D) Accrued income and prepaid expenses	**76,256**	**59,559**
Total assets	*2,932,284*	*3,057,471*
Liabilities and quotaholder's equity		
A) Quotaholders' equity		
I - Quota capital	120,000	50,000
III - Revaluation reserves	156,600	156,600
IV - Legal reserve	25,447	10,000
VI - Other reserves	430,000	-
VIII - Retained earnings (accumulated losses)	293,497	-
IX - Net income (loss) for the year	36,028	308,944
Total quotaholder's equity	*1,061,572*	*525,544*
B) Provision for risks and charges	**20,000**	**20,000**
C) Employee termination indemnities	**193,546**	**183,989**
D) PAYABLES	**1,505,311**	**2,190,970**
due within one year	913,736	1,537,392
due beyond one year	591,575	653,578
E) Accrued expenses and deferred income	**151,855**	**136,968**
Total liabilities and quotaholders' equity	*2,932,284*	*3,057,471*

Condensed income statement

	31/03/2023 (3 months)	31/12/2022 (12 months)
A) Value of production		

	31/03/2023 (3 months)	31/12/2022 (12 months)
1) Revenues from sales of goods and services	995,448	3,324,698
2/3) change in inventory of work in progress, semi-finished and finished products and contract work in progress	(1,285)	462,963
2) Change in inventories of work in progress, semi-finished and finished products	(1,285)	462,963
5) Other income and revenues	-	-
Operating grants	-	78,301
Other	6,522	24,059
Total other income and revenues	*6,522*	*102,360*
Total value of production	*1,000,685*	*3,890,021*
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods for resale	306,162	1,204,749
7) services	213,413	847,799
8) lease and rental charges	56,176	212,432
9) payroll	-	-
a) wages and salaries	160,979	607,181
b) social contributions	49,224	158,627
c/d/e) employee termination indemnities, pensions, other payroll costs	17,868	64,012
c) employee termination indemnities	10,368	48,147
e) other costs	7,500	15,865
Total payroll costs	*228,071*	*829,820*
10) depreciation, amortisation and writedowns	-	-
a/b/c) amortisation of intangible assets, depreciation of tangible assets, other writedowns	26,716	103,950
a) amortisation of intangible assets	457	457
b) depreciation of tangible assets	26,259	103,493
d) writedowns of current receivables and liquid funds	-	4,460
Total depreciation, amortisation and writedowns	*26,716*	*108,410*
11) change in inventory of raw and ancillary materials, consumables and goods	24,990	176,321
12) provisions for risks and charges	-	20,000
14) other operating expenses	35,437	64,574
Total cost of production	*890,965*	*3,464,105*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**109,720**	**425,916**
C) FINANCIAL INCOME AND CHARGES		

	31/03/2023 (3 months)	31/12/2022 (12 months)
16) Other financial income	-	-
d) income other than the above	-	-
Other	1,868	10,778
Total income other than the above	*1,868*	*10,778*
Total other financial income	*1,868*	*10,778*
17) interest and other financial charges	-	-
other	12,844	29,072
Total interest and other financial charges	*12,844*	*29,072*
17-bis) exchange gains and losses	-	3,246
Total financial income and charges (15+16-17+-17-bis)	*(10,976)*	*(15,048)*
Income (loss) before taxes (A-B+-C+-D)	**98,744**	**410,868**
20) Income taxes for the year, current and deferred		
current taxation	40,333	173,879
taxation relating to prior years	22,410	-
deferred taxation	(27)	(71,955)
Total income taxes for the year, current and deferred	*62,716*	*101,924*
21) Net income (loss) for the year	**36,028**	**308,944**

Note that the accounting period ended 31/03/2023 lasted for 3 months, compared with a previous year of 12 months. The change in the financial year-end was ratified by the Company - as detailed below - in order to bring its financial and fiscal year into line with that of the Endurance Group (1 April to 31 March).

Explanatory notes - first part

Quotaholders,

These explanatory notes are an integral part of the financial statements for the year ended 31/03/2023.

First of all, as mentioned above, the financial year ended 31/03/2023 had a duration of 3 months (01/01/2023 - 31/03/2023), whereas the comparative period, which ended on 31/12/2022 had a duration of 12 months. This change was made to bring the financial year-end into line with that of the Endurance Group, which the Company joined during the previous financial year.

The financial statements are drawn up in a short form as the conditions for this (as laid down in art. 2435-bis of the Italian Civil Code) are met.

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

The contents of the balance sheet and income statement are those required by arts. 2424 and 2425 of the Italian Civil Code.

The explanatory notes, which have been prepared in accordance with Art. 2427 of the Civil Code, contain all the information needed for a correct interpretation of the financial statements.

This document will also provide the information required by points 3 and 4 of art. 2428 of the Civil Code, given that a directors' report on operations has not been drawn up as permitted by art. 2435-bis of the Civil Code.

These financial statements for the three-month period ended 31/03/2023 show a positive result of € 36,028.

Basis of preparation

Preparation of the financial statements

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

With reference to the matter indicated in the introduction to the 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.

The financial statements, as well as these explanatory notes, have been prepared in Euro.

Basis of preparation

The items in the financial statements are measured in accordance with the prudence and materiality concepts on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis of the Italian Civil Code, items are recognised and presented having regard to the substance of the transaction or contract concerned. In preparing the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure, and only profits that have been realised by the year end have been included. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Each component of every asset and liability caption is measured separately, in order to prevent any gains in one area from offsetting losses in another.

In cases where offsetting is permitted by law, the gross amounts to be offset are indicated in the notes.

Preparation of the financial statements

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

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

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

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

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

Changes in accounting policies

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

Comparability and compliance

As mentioned in the introduction, we would remind you that the income statement figures for the period ended 31/03/2023 as shown in these financial statements, even if based on the same accounting policies, are not comparable with those of the previous year, which are shown for information purposes, because FY 2023 refers to a period of three months, from 01/01/2023 to 31/03/2023, whereas the previous year's figures refer to an accounting period of twelve months from 01/01/2022 to 31/12/2022.

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.

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
concessions, licences, trademarks and similar rights	10 years on a straight line basis

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

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

Leasehold improvements, if any, are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 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.

Concessions, licences, trademarks and similar rights are amortised on a straight-line basis over the expected useful life (calculated prudentially for trademarks as 10 years)

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

Tangible assets

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

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

Tangible assets are depreciated systematically each year. The rates applied are summarised in the following table:

Tangible asset items	Depreciation rate
Plant and machinery	10% - 17.50%
Tools and equipment	25.00%
Ordinary office machines and furniture and furnishings	12.00%
Electronic office machines	20.00%
Assets costing less than € 516.46	100.00%

When tangible 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 tangible 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 assets concerned and depreciated over their residual useful lives.

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

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

Impairment (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 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 long-term financial assets)

The equity investments and debt securities classified as non-current 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 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).
- 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.

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

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

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

Receivables

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

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

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

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

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

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

Equity investments and securities not held as non-current 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 without exceeding the 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 shown 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.

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 quotaholders' 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.

Translation of foreign currency items

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

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

Movements in fixed assets

This paragraph of the notes analyses the movements in intangible, tangible and financial fixed assets.

Intangible assets

	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Total intangible assets
Balance at the beginning of the year			
Cost	12,831	4,570	17,401
Amortisation (Accumulated amortisation)	12,831	4,113	16,944
Carrying amount	-	457	457
Changes during the year			
Amortisation for the year	-	457	457
Total changes	*-*	*-457*	*-457*
Balance at the end of the year			
Cost	12,831	4,570	17,401
Amortisation (Accumulated amortisation)	12,831	4,570	17,401
Carrying amount	-	-	-

"Industrial patents and intellectual property rights" relate to fully amortised software, while "Concessions, licences, trademarks and similar rights", which completed their amortisation during the year, relate to company trademarks.

The assets classified as intangible have been completely amortised, so their net balance at the end of the year is zero.

Tangible assets

	Plant and machinery	Tools and equipment	Other tangible assets	Total tangible assets
Balance at the beginning of the year				
Cost	671,531	719,382	112,531	1,503,444
Depreciation (Accumulated depreciation)	438,878	666,572	87,258	1,192,709
Carrying amount	232,652	52,810	25,273	310,735
Changes during the year				
Additions	-	14,770	17,813	32,583
Disposals (at carrying amount)				
Depreciation for the year	17,305	6,437	2,517	26,259
Total changes	*(17,305)*	*8,333*	*15,296*	*6,324*
Balance at the end of the year				
Cost	671,531	734,152	130,344	1,536,027
Depreciation (Accumulated depreciation)	456,184	673,009	89,775	1,218,968
Carrying amount	215,347	61,143	40,569	317,059

Tangible assets mainly refer to the production facilities in Rovereto (TN), where the company's business is carried on.

Long-term financial assets

Long-term financial assets refer for €37,092 to security deposits paid to third parties, the rest to other investments.

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.

	Amount
Total amount of leased assets at the end of the year (net carrying amount)	292,250
Depreciation that would have been charged for the year	10,500
Current value of unexpired lease instalments at the end of the year	133,303
Financial charges for the year based on the effective interest rate	4,087

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

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Raw materials	197,375	(24,990)	172,385
Work in process (semi-finished) and finished products	462,963	(1,285)	461,678
Total	**660,338**	**(26,275)**	**634,063**

Inventories of work in progress, semi-finished and finished products are shown net of an inventory provision for slow-moving or obsolete goods (€ 250,000), which did not change during the year.

Current receivables

The receivables shown under current assets have been measured at their estimated realisable value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

They are made up of the following sub-items, which have seen the following changes during the year:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Trade receivables	755,063	(108,438)	646,625	646,625	-
Receivables due from fellow subsidiaries	-	162,555	162,555	162,555	-
Tax receivables	240,244	(69,606)	170,638	120,080	50,558
Deferred tax assets	71,955	27	71,982	-	-
Other receivables	30,227	(16,646)	13,581	13,581	-
Total	**1,097,489**	**(32,107)**	**1,065,382**	**942,842**	**50,558**

Trade receivables are shown net of an allowance for doubtful accounts, which at the end of the year came to € 12,676 with no change from the previous year.

Receivables due from fellow subsidiaries include the balances relating to existing trade relations with the affiliates New Fren Srl (€ 161,454) and Endurance Adler SpA (€ 1,101).

Tax receivables include €79,167 for the VAT credit and €91,468 (of which €50,588 due beyond one year) relating to tax credits under Laws 160/19 and 178/20.

Cash and cash equivalents

Cash and cash equivalents are carried at their face value corresponding to the cash balance at the end of the year and the credit balances on bank current accounts. The following table shows the changes that took place during the year:

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	888,565	89,387	799,178
Cash on hand	2630	(17)	2,647
Total	**891,195**	**89,370**	**801,825**

Accrued income and prepaid expenses

This item (which amounts to € 76,256) includes portions of revenues pertaining to the current year, which will be received in subsequent years.

Capitalised financial charges

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

Explanatory notes, liabilities and quotaholders' equity

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

Quotaholders' equity

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

The following table summarises the changes in quotaholders' equity in the comparative year (01/01/2022 - 31/12/2022):

Description	Balance at the beginning of the year	Allocation of the prior year result	Other changes – Distribution of dividends	Result for the year	Balance at the end of the year
Quota capital	50,000				50,000
Revaluation reserve	156,600				156,600
Legal reserve	10,000				10,000
Other reserves	1	876,933	(876,934)		-
Net income (loss) for the year	876,933	(876,933)		308,944	308,944
Total	**1,093,534**	**-**	**(876,934)**	**308,944**	**525,544**

The following table summarises the changes in quotaholders' equity during the year in question (01/01/2023 - 31/03/2023):

Description	Balance at the beginning of the year	Allocation of the prior year result	Other changes - Increase in capital	Result for the year	Balance at the end of the year
Quota capital	50,000	-	70,000	-	120,000
Revaluation reserve	156,600	-	-	-	156,600

Legal reserve	10,000	15,447		-	25,447
Other reserves	-	-	430,000	-	430,000
Retained earnings (accumulated losses)	-	293,497	-	-	293,497
Net income (loss) for the year	308,944	(308,944)	-	36,028	36,028
Total	**525,544**	**-**	**500,000**	**36,028**	**1,061,572**

The increases shown in the above table refer to the increase in capital and the simultaneous establishment of an extraordinary reserve which took place with a deed drawn up by Notary Agostini in Milan, rep. 87131 file 18848 carried out as part of the capital strengthening programme.

Provisions for risks and charges

The provisions for risks and charges were recognised in accordance with the instructions contained in accounting principle OIC 31; the related provisions are charged to the income statement in the year to which they refer. The provisions (which amount to € 20,000, with no change during the year) were made to cover various kinds of liabilities (commercial, tax, employment, etc.), based on the best estimate according to the information available at the time.

Provision for termination indemnities

The following table analyses the change in employee severance indemnities that took place during the year.

The charge for the year (provision for employee termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund and the supplementary pension fund specified by each employee, where applicable.

Description	Balance at the beginning of the year	Changes during the year - Provision	Utilisations	Balance at the end of the year
Employee termination indemnities	183,989	10,368	(811)	193,546
Total	**183,989**	**10,368**	**(811)**	**193,546**

Payables

Payables are shown in the financial statements at their face value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

The classification of payables in the various payable items is based on their nature (or origin) with respect to ordinary operations, regardless of the period of time within which the liabilities have to be extinguished.

The item in question is made up as follows:

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Within one year	Beyond one year
Due to banks	900,464	(58,628)	841,836	250,261	591,575
Trade payables	631,891	(145,849)	486,042	486,042	-
Due to the parent company	505,514	(505,514)	-	-	-
Tax payables	20,379	35,859	56,238	56,238	-
Due to pension and social security institutions	33,739	(10,345)	23,394	23,394	-
Other payables	98,983	(1,181)	97,802	97,802	-
Total	**2,190,970**	**(685,658)**	**1,505,312**	**913,737**	**591,575**

Amounts due to banks are part of the residual debt for a loan taken out with Cassa di Trento.

Payables due to parent companies at 31/12/2022 mainly referred to the loan from Endurance Overseas Srl, converted to support the increase in capital carried out during the year.

Tax payables pertain for € 28,353 to the balance of IRES due for the previous year which has to be paid by 30/06/2023 and the difference in payables relating to withholding taxes on wages and salaries.

Other payables are mainly for remuneration due to employees and directors.

Debt secured by collateral on company assets

In accordance with art. 2427, paragraph 1, no. 6 of the Civil Code, we can confirm that there are no payables with a duration of more than five years nor payables secured by liens on company assets.

Accrued expenses and deferred income

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

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses	7,060	16,124	23,184
Deferred income	129,908	(1,237)	128,671
Total accrued expenses and deferred income	**136,968**	**14,887**	**151,855**

The item relates to costs pertaining to the year but payable in future years and income collected during the year but 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, 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.

Attention is drawn to the fact that the current and previous accounting periods are not comparable as they are of different lengths (3 months for the current period, as opposed to 12 months for the previous one), following the change of year-end to 31/03 to bring it into line with that of the Endurance Group to which it now belongs.

Value of production

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and bonuses, as well as the taxes directly connected to them.

Revenues from the provision of services are recognised when the service is rendered, i.e. when the service has been performed; in the case of services being provided on a continuous basis, the revenues are recognised for the portion that has accrued.

As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter.

As mentioned in the introduction, even if the accounting principles applied are consistent, the figures are not comparable as the accounting period is only three months long.

Revenues are recorded in the financial statements on an accrual basis, detailed as follows:

Description	FY 2023 (3 months)	FY 2022 (12 months)	Change
1) Revenues from sales of goods and services	995,448	3,324,698	(2,329,250)
2) Change in inventories of work in progress, semi-finished and finished products	(1,285)	462,963	(464,248)
5) Other income and revenues			
Operating grants	-	78,301	(78,301)
Other	6,522	24,059	(17,537)
Total	**1,000,685**	**3,890,021**	**(2,889,336)**

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

As in the case of revenues, the figures are not comparable, as the current accounting period is only of three months. Details of costs for the year compared with the previous period are as follows:

Description	FY 2023 (3 months)	FY 2022 (12 months)	Change
Cost of raw and ancillary materials, consumables and goods for resale	306,162	1,204,749	(898,587)
Cost of services	213,413	847,799	(634,386)
Lease and rental charges	56,176	212,432	(156,256)
Payroll costs			-
Wages and salaries	160,979	607,181	(446,202)
Social contributions	49,224	158,627	(109,403)
Employee termination indemnities	10,368	48,147	(37,779)
Other costs	7,500	15,865	(8,365)
Amortisation of intangible assets	457	457	-
Depreciation of tangible assets	26,259	103,493	(77,234)
Writedown of receivables included in current assets	-	4,460	(4,460)
Change in inventory of raw and ancillary materials, consumables and goods	24,990	176,321	(151,331)
Provisions for risks	-	20,000	(20,000)
Other operating expenses	35,437	64,574	(29,137)
Total	**890,965**	**3,464,105**	**(2,573,140)**

Operating costs as a percentage of the value of production are substantially in line with what they were in 2022.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

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. Current taxes refer to taxes for the year as shown in the Company's tax returns; taxation relating to prior years includes direct taxes from previous years, as well as interest and penalties and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment with respect to the provision set aside in previous years. Lastly, deferred tax liabilities and assets involve positive or negative elements of income, respectively, subject to taxation or deduction in years other than those of the statutory accounts.

Taxation relating to prior years

The company has accrued for taxation for the year based on the application of tax legislation in force. Current taxes refer to taxes for the year as shown in the Company's tax returns; taxation relating to prior years includes direct taxes from previous years, as well as interest and penalties and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment with respect to the provision set aside in previous years. Lastly, deferred tax liabilities and assets involve positive or negative elements of income, respectively, subject to taxation or deduction in years other than those of the statutory accounts.

Current taxes are not comparable with the previous year as the Company left the optional regime of taxation of profits for transparency pursuant to articles 115 and 116 of the TUIR following the acquisition of the entire capital by Endurance Overseas Srl.

The following table provides details of current and deferred tax assets for the year:

Taxes	FY 2023 (3 months)	FY 2022 (12 months)	Change
Current taxation:	**40,333**	**173,879**	**(133,546)**
IRES	35,073	151,217	(116,144)
IRAP	5,260	22,662	(17,402)
Taxation relating to prior years	**22,410**	**-**	**22,410**
IRES	30,000	-	30,000
IRAP	(7,590)	-	(7,590)
Deferred taxation:	**(27)**	**(71,955)**	**71,928**
IRES	(27)	(64,800)	64,773
IRAP		(7,155)	7,155
Total	**62,716**	**101,924**	**(39,208)**

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total taxable temporary differences	114	-
Net temporary differences	114	-
B) Tax effects		
Provision for deferred tax liabilities (assets) at the beginning of the year	(64,800)	(7,155)
Deferred tax liabilities (assets) of the year	(27)	-
Provision for deferred tax liabilities (assets) at the end of the year	(64,827)	(7,155)

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

	White collar	Blue collar	Total employees
Average number	5	19	24

The workforce at 31 March 2023 (consisting solely of Company employees) comprises 24 persons.

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

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

	Directors
Fees	35,000

Fees of the independent auditor or firm of auditors

Deloitte & Touche S.p.A. has been engaged to perform the independent audit from the current year.

The annual audit fee (€ 5,800) also include the cost of checking the tax returns, while the other verification services refer to checks on the regularity of the bookkeeping (€ 1,200).

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

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

Information about related-party transactions

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.

However, it is necessary to point out the indirect effects of the deterioration of market conditions deriving from the conflict between Russia and Ukraine and from geopolitical tensions in general.

Companies that prepare consolidated financial statements for the 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).

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

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

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84,134 (86.099 on 31 March 2021) - (source European Central Bank):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	31/03/2021
Liabilities and quotaholders' equity		
Quotaholders' equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and equity	**37,393.40**	**34,376.47**

Income statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)
Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Net income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

Please refer to the previous sections of this document for the description of any relationships with those exercising management control and coordination and with the other companies subject to them, as well as the effect that this activity has had on the running of the business and its results.

Information about derivatives pursuant to art. 2427-bis of the Italian Civil Code

We can confirm that the Company is not party to any derivatives.

Treasury shares and shares in parent companies

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

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.

Despite the uncertainty involved in defining the concessions that fall within the scope of application of the law, we can fairly say that no payments were made during the year under the regulations referred to above.

Proposed allocation of profits or coverage of losses

Quotaholders,

In light of what has been set out above, the Board of Directors proposes the following allocation of net income for the year:

• euro 36,028 to retained earnings.

Explanatory notes - closing section

Quotaholders,

We confirm that these financial statements, which comprise the balance sheet, income statement and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the accounting records. We therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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 accounting records.

Rovereto, 11/05/2023

For the Board of Directors

The Managing Director

David Stenech

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

Tel: +39 011 55971
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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Quotaholder of
Frenotecnica S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frenotecnica S.r.l. (the "Company"), prepared in condensed format pursuant to Article 2435-bis of the Italian Civil Code, which comprise the balance sheet as at March 31, 2023 and the statement of income for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Emphasis of matters

As illustrated by the Directors in the paragraphs "First Part" and "Comparability and compliance" of the explanatory notes, during the year the Shareholders' Meeting resolved to change the reference date of the financial year from April 1st to March 31st of the following year. This change was implemented in order to align the reference date of the financial statements with those of the other Endurance Group companies. Consequently, the financial statements have been prepared for the period from January 1, 2023 to March 31, 2023 and their figures, because referring to a three months period, are not comparable with those for the year ended December 31, 2022 (referring to a 12-month period from January 1, 2022 to December 31, 2022).

Our opinion is not modified in respect of this matter.

Other matters

Unaudited Prior Period Financial Statements

The Financial Statements of Frenotecnica S.r.l. as at December 31, 2022 has not been subject to audit.

Key information of the company that performs activities of direction and coordination

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Frenotecnica 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 information from the most recent financial statements of such company. Our opinion on the financial statements of Frenotecnica S.r.l. does not extend to such information.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 16, 2023

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

General information on the company

Company data

Name:	NEW FREN SRL
Registered office:	VIA SANDRO PERTINI, 1 CIRIE' TO
Quota capital :	120,000.00
Quota capital fully paid in:	yes
Chamber of Commerce:	TO
VAT number:	12756900010
Tax code:	12756900010
REA Number :	1313917
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO :	309120
Company in liquidation:	no
Company with sole quotaholder:	yes
Company subject to management control and coordination:	yes
Name of the company or entity that exercises management control and coordination:	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:	n/a

Financial statements for the year ended 31/03/2023

Condensed balance sheet

	31/03/2023
Assets	
B) Fixed assets	
I - Intangible assets	42,470
II - Tangible assets	348,717
III - Long-term financial assets	254,081
Total fixed assets (B)	*645,268*
C) Current assets	

	31/03/2023
I - Inventories	1,756,042
II - Receivables	1,610,990
due within one year	1,510,511
due beyond one year	13,207
Deferred tax assets	87,272
IV - Cash and cash equivalents	13,786
Total current assets (C)	*3,380,818*
D) Prepaid expenses and accrued income	**70,736**
Total assets	*4,096,822*
Liabilities and quotaholders' equity	
A) Equity	
I - Quota capital	120,000
II - Share premium reserve	1,230,000
IX - Net income (loss) for the year	(383,109)
Total quotaholder's equity	*966,891*
B) Provision for risks and charges	**47,559**
C) Employee termination indemnities	**459,713**
D) PAYABLES	**2,515,419**
due within one year	1,510,448
due beyond one year	1,004,971
E) Accrued expenses and deferred income	**107,240**
Total liabilities and quotaholder's equity	*4,096,822*

Condensed income statement

	31/03/2023
A) Value of production	
1) Revenues from sales of goods and services	2,155,325
2/3) Change in inventories of work in progress, semi-finished and finished products, contract work in progress	176,816
2) Change in inventories of work in progress, semi-finished finished products	176,816
5) Other income and revenues	-
Other	24,198
Total other income and revenues	*24,198*
Total value of production	*2,356,339*
B) COST OF PRODUCTION	
6) raw and ancillary materials, consumables and goods for resale	1,578,010
7) services	539,905
8) lease and rental charges	40,872
9) payroll	-
a) wages and salaries	277,350
b) social contributions	83,642
c/d/e) employee termination indemnities, pensions, other payroll costs	28,941
c) employee termination indemnities	27,493
e) other costs	1,448
Total payroll costs	*389,933*
10) depreciation, amortisation and writedowns	-
a/b/c) amortisation of intangible assets, depreciation of tangible assets, other writedowns	131,462
a) amortisation of intangible assets	104,090
b) depreciation of tangible assets	27,372
d) writedowns of current receivables and liquid funds	7,315
Total depreciation, amortisation and writedowns	*138,777*
11) change in inventory of raw and ancillary materials, consumables and goods	(78,004)
14) other operating expenses	9,645
Total cost of production	*2,619,138*
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	**(262,799)**
C) FINANCIAL INCOME AND CHARGES	

	31/03/2023
16) other financial income	-
d) income other than the above	-
Other	4
Total income other than the above	*4*
Total other financial income	*4*
17) interest and other financial charges	-
Other	18,603
Total interest and other financial charges	*18,603*
17-bis) exchange gains and losses	27
Total financial income and charges (15+16-17+-17-bis)	*(18,572)*
D) Adjustments to financial assets and liabilities	
19) writedowns	-
a) equity investments	216,710
Total writedowns	*216,710*
Total adjustments to financial assets and liabilities (18-19)	*(216,710)*
Income (loss) before taxes (A-B+-C+-D)	**(498,081)**
20) Income taxes for the year, current and deferred	
deferred taxation	(114,972)
Total income taxes for the year, current and deferred	*(114,972)*
21) Net income (loss) for the year	**(383,109)**

Explanatory notes - first part

Quotaholders,

These explanatory notes are an integral part of the financial statements for the year ended 31/03/2023.

The Company was founded on 09/29/2022 with a deed drawn up by Notary Paolo Maria Smirne in Turin, rep. 8.157 and coll. 5918, and was registered in the Turin Company Register on 05/10/2022.

The Company's main business is the production and marketing of brakes, clutches, spare parts, accessories, components and lubricants for motorcycles, motor vehicles, bicycles, agricultural vehicles, boats and special vehicles. The Company also works iron, metals and alloys in general. These financial statements are for the period from 29 September 2022 to 31 March 2023, the Company's first financial year, which is why there are no comparative figures.

The financial statements have been prepared in a condensed format, since the limits set by Art. 2435-bis of the Italian Civil Code have not been exceeded.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with Italian accounting standards published by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company's financial position and results of operations. The content of the balance sheet and the income statement is that required by articles 2424 and 2425 of the Civil Code.

The explanatory notes, which have been prepared in accordance with Art. 2427 of the Civil Code, contain all the information needed for a correct interpretation of the financial statements.

This document will also provide the information required by points 3 and 4 of art. 2428 of the Civil Code, given that a directors' report on operations has not been drawn up as permitted by art. 2435-bis of the Civil Code.

The financial statements as at 31/03/2023 show a net loss for the year of € 383,109.

On 27/10/2022 with deed signed by notary Paolo Maria Smirne of Turin, rep. no. 8,264, it was decided to increase the capital in a single tranche against payment of € 110,000 and a share premium of € 1,230,000, to be subscribed with an effective date from 8 November 2022, through the transfer of the business unit by the sole quotaholder Newfren S.r.l.

The business unit was transferred on the basis of the appraisal dated 31 August 2022 drawn up by Mr. Gian Piero Balducci (registered in the Register of Chartered Accountants and Accounting Experts of Turin under no. 929 since 23 June 1988 and in the Register of Statutory Auditors under no. 3051 with DM dated 12 April 1995, published in the Official Gazette no. 31 bis of 21 April 1995) and sworn before Notary Smirna on 27 October 2022.

The transfer values updated to the effective date of the transaction showed the following situation:

TRANSFER VALUES (in Euros)			
ASSETS		**LIABILITIES AND QUOTAHOLDERS' EQUITY**	
Intangible assets	135,048	Quota capital	110,000
- of which: goodwill	99,282	Reserves	1,230,000
Tangible assets	372,728	**QUOTAHOLDERS' EQUITY**	**1,340,000**
Long-term financial assets	470,791	Provision for risks and charges	46,126
FIXED ASSETS	**978,567**	Employee termination indemnities	441,451
Inventories	1,501,222	Deferred tax liabilities	27,700
Receivables	1,549,847	Financial payables	1,518,673
Cash and banks	209,933	Payables	727,410
		Debt owed to transferor for settlement	39,354
TOTAL CURRENT ASSETS	**3,261,002**	**LIABILITIES AND QUOTAHOLDERS' EQUITY**	**2,800,714**
Accrued income and prepaid expenses	48,241	Accrued expenses and deferred income	147,096
TOTAL ASSETS	**4,287,810**	**TOTAL LIABILITIES AND EQUITY**	**4,287,810**

Subsequently, on 16/11/2022, Endurance Overseas S.r.l. - a company belonging to the Endurance Technologies Ltd Group, India - took control of 100% of the Company's capital, becoming its sole quotaholder. As a result, the Company became part of the Endurance Group.

Basis of preparation

Preparation of the financial statements

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

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

The financial statements, as well as these explanatory notes, have been prepared in Euro.

Basis of preparation

The items in the financial statements are measured in accordance with the prudence and materiality concepts on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis of the Italian Civil Code, items are recognised and presented having regard for the substance of the operations or contracts concerned. In preparing the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure, and only profits that have been realised by the year end have been included. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Each component of every asset and liability caption is measured separately, in order to prevent any gains in one area from offsetting losses in another.

In cases where offsetting is permitted by law, the gross amounts to be offset are indicated in the notes.

Preparation of the financial statements

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

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

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

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

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

Changes in accounting policies

Since the Company is in its first year, it has not made any changes to the accounting standards.

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. 2427 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

As per the accounting standards, intangible assets are stated at purchase or production cost and are amortised on a straight line basis over their expected useful lives.

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

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

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Concessions, licences, trademarks and similar rights	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

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

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

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

Tangible assets

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

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

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

Tangible asset items	Depreciation rate
General plant	10.00%
Machinery	10.00%
Testing and control instruments	30.00%
Tools and equipment	25.00%
Dies	25.00%
Trucks, internal transport vehicles	20.00%
Electronic office machines	20.00%
Furniture and furnishings	12.00%

When tangible assets enter 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 tangible 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 (tangible and intangible assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible 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 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 assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Long-term financial assets

Equity investments

The equity investments and debt securities classified as non-current 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 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 and realisable value, based on market prices.

In particular, the specific criteria used to measure the various categories of inventory 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.

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.

Current 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 allowance (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.

Cash and cash equivalents

Cash and cash equivalents are carried at face value. Amounts denominated in foreign currencies are measured using the closing exchange rates..

Accrued income and prepaid expenses

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.

Quotaholders' equity

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

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 the 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.

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 quotaholders' 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.

Translation of foreign currency items

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

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

Other information

Repurchase agreements

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

Explanatory notes - assets

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

Fixed assets

Movements in fixed assets

This paragraph of the notes analyses the movements in intangible, tangible and long-term financial assets.

Intangible assets

	Start-up and expansion costs	Concessions, licences, trademarks	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	-	-	-	-	-
Amortisation (Accumulated amortisation)	-	-	-	-	-
Carrying amount	-	-	-	-	-
Changes during the year					
Additions	7,662	24,536	99,282	50,360	181,841
Other changes	-	7,748	-	27,533	35,281
Amortisation charge for the year	605	642	99,282	3,561	104,090
Total changes	*7,058*	*16,147*	-	*19,266*	*42,470*
Balance at the end of the year					
Cost	7,662	24,536	99,282	50,360	181,841
Amortisation (Accumulated Amortisation)	605	8,390	99,282	31,094	139,371
Carrying amount	7,058	16,147	-	19,266	42,470

Note that the additions refer to the amount of assets at the time of the transfer, as well as to investments made subsequently, for € 11,512. In particular, it should be noted that the value of Goodwill identified at the time of the transfer (€ 99,282) was already fully amortised, based on management's estimate of its useful life.

"Other changes", on the other hand, include the accumulated amortisation of the various categories of assets at the transfer date.

Tangible assets

	Plant and machinery	Industrial and commercial equipment	Other assets	Total tangible assets
Balance at the beginning of the year				
Cost	-	-	-	-
Depreciation (Accumulated depreciation)	-	-	-	-
Carrying amount	-	-	-	-
Changes during the year				
Additions	428,558	932,883	340,351	1,701,792
Other changes	303,898	745,275	276,529	1,325,702
Depreciation charge for the year	7,487	12,650	7,236	27,373
Total changes	*117,173*	*174,958*	*56,586*	*348,717*
Balance at the end of the year				
Cost	428,558	932,883	340,351	1,701,792
Depreciation (Accumulated depreciation)	311,385	757,925	283,765	1,353,075
Carrying amount	117,173	174,958	56,586	348,717

Note that the additions refer to the amount of assets at the time of the transfer, as well as to investments made subsequently, for € 3,362.

"Other changes", on the other hand, include the accumulated depreciation of the various categories of assets at the transfer date.

Long-term financial assets

	Equity investments	Receivables	Total intangible assets
Balance at the beginning of the year			
Cost	-	-	-
Amortisation (Accumulated amortisation)	-	-	-
Carrying amount	-	-	-
Changes during the year			
Additions	258,595	212,196	470,791
Other changes	216,710	-	216,710
Amortisation charge for the year	-	-	-
Total changes	*41,885*	*212,196*	*254,081*
Balance at the end of the year			
Cost	258,595	212,196	470,791
Writedown	216,710	-	216,710
Carrying amount	41,885	212,196	254,081

Equity investments refer to the 99% stake in GDS S.a.r.l. (the other 1% is held by Endurance Overseas S.r.l.), based in Rue Mars 4011, Hammam-Sousse (Tunisia), which manufactures brake pads and brake shoes for motorcycles. The historical purchase cost used in the transfer was written down during the year to adjust the investment to the corresponding amount of the subsidiary's net equity resulting from the financial statements for the year ended 31/12/2022.

Name	City or Country	Capital	Result for FY 2022/23	Equity at 31/03/2023	Equity interest held (%)	Equity interest held (amount)	Carrying amount
GDS SARL (*)	Sousse (Tunisia)	3,007	34,586	76,929	99.00%	76,160	41,885
Total							**41,885**

(*) The figures - relating to the share of direct ownership - are expressed in Tunisian dinars converted into Euros at the exchange rate of 3.3257 prevailing on 31.03.2023 (source: Bank of Italy). The other stake in the subsidiary is held by Endurance Overseas S.r.l. The figures at 31/03/2023 refer to the accounting situation prepared for the purposes of inclusion in the Endurance group.

The amounts receivable classified as long-term financial assets relate to the long-term interest free loan granted to the Tunisian parent GDS S.a.r.l. and involved in the transfer.

Finance leases

The Company is not party to any finance lease contracts at the balance sheet date.

Current assets

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

Inventories

The following table shows the changes in inventories.

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year	Change
Raw materials, ancillary materials and consumables	-	179,763	179,763	179,763
Work in process and semi-finished products	-	1,146,126	1,146,126	1,146,126
Inventories (finished products and goods)	-	430,152	430,152	430,152
Total	**-**	**1,756,042**	**1,756,042**	**1,756,042**

Inventories (transferred for a net amount of € 1,501,222 and subsequently increased by € 254,800) are shown net of a provision for slow-moving goods of € 308,622 at 31/03/2023.

Current receivables

Current receivables have been measured at their estimated realisable value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

The item in question (transferred for an amount of € 1,549,847) is made up of the following components:

Description	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	-	1,169,593	1,169,593	1,169,593	-
Receivables due from subsidiaries	-	276,996	276,996	276,996	-
Receivables due from fellow subsidiaries	-	9,124	9,124	9,124	-
Tax receivables	-	29,373	29,373	28,666	707
Deferred tax assets	-	87,272	87,272	-	-
Due from others	-	38,631	38,631	26,131	12,500
Total	**-**	**1,610,990**	**1,610,990**	**1,510,511**	**13,207**

Trade receivables are recorded in the financial statements net of the allowance for doubtful accounts of € 7,315.

Receivables due from subsidiaries refer to amounts owed by GDS S.a.r.l. for current trade relations.

Receivables due from fellow subsidiaries comprise trade receivables due from companies of the Endurance Group, especially Endurance Adler S.p.A. (€ 3,650) and Frenotecnica S.r.l. (€ 5,474).

Tax receivables due within one year mainly include the VAT credit of € 5,428, the amount due for taxes paid abroad equal to € 6,484 and the receivables for investments in capital goods pursuant to Law 160/2019 and Law 178/2020 that can be used in compensation.

Deferred tax assets are recorded, in case of foreseeable recoverability, with reference to the provision for risks and writedowns, the deductibility of which is deferred over time.

Other receivables due within 12 months mainly consists of advances to suppliers, while the portion due beyond 12 months involves security deposits for rental contracts.

Cash and cash equivalents

Cash and cash equivalents are carried at their face value corresponding to the cash balance at the end of the year and the credit balances on bank current accounts. The following table shows the changes that took place during the year:

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Bank and postal deposits	-	13,123	13,123
Cash on hand	-	663	663
Total	**-**	**13,786**	**13,786**

Accrued income and prepaid expenses

This item (which amounts to € 70,736) includes portions of costs paid but pertaining to future years (insurance premiums) and portions of revenues pertaining to the current year, which will be received in subsequent years.

Capitalised financial charges

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

Explanatory notes - liabilities and equity

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

Equity

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

The following table summarises the changes in equity

Description	Set-up cost	Allocation of the prior year result	Other changes - Increase in capital	Result for the year	Balance at the end of the year
Capital	10,000	-	110,000	-	120,000
Share premium reserve	-	-	1,230,000	-	1,230,000
Legal reserve	-	-	-	-	-
Net income (loss) for the year	-	-	-	(383,109)	(383,109)
Total	**10,000**	**-**	**1,340,000**	**(383,109)**	**966,891**

The capital was increased by € 110,000 together with the entire share premium of € 1,230,000 against the transfer of the business unit by the previous sole quotaholder New Fren S.r.l. with a deed signed by the Notary Smirne drawn up on 27 October 2022 and effective from 08 November 2022.

The business unit was transferred on the basis of the appraisal dated 31 August 2022 drawn up by Mr. Gian Piero Balducci (registered in the Register of Chartered Accountants and Accounting Experts of Turin under no. 929 since 23 June 1988 and in the Register of Statutory Auditors under no. 3051 with DM dated 12 April 1995, published in the Official Gazette no. 31 bis of 21 April 1995) and sworn before Notary Smirna on 27 October 2022.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Capital	120,000	Capital	-	-
Share premium reserve	1,230,000	Capital	A;B	-
Net income (loss) for the year	(383,109)	Revenue	A;B;C	(383,109)
Total	**966,891**	**-**	**-**	-
Amount not distributable				118,330
Residual amount distributable				-
KEY: "A" increase in capital; "B" cover of losses; "C" distribution to share/quotaholders; "D: for other statutory requirements; "E": other				

The non-distributable portion of the reserves refers to the amount of prepaid taxes, the amount still lacking from the legal reserve to reach one fifth of the capital pursuant to Article 2431 of the Italian Civil Code, the value of unamortised start-up costs recorded under intangible assets, as well as the credit for deferred tax assets which falls under the category of assets not yet realised.

Provisions for risks and charges

The provisions for risks and charges were recognised in accordance with the instructions contained in accounting principle OIC 31; the related provisions are charged to the income statement in the year to which they refer. The Provisions for risks and charges amount to € 47,559 (of which € 46,126 involved in the transfer).

Provision for employee termination indemnities

The following table analyses the change in employee severance indemnities that took place during the year.

	Balance at the beginning of the year	Changes during the year - Provision	Other changes during the year	Balance at the end of the year
Provision for employee termination indemnities	-	18,262	441,451	459,713
Total	**-**	**18,262**	**441,451**	**459,713**

The charge for the year (provision for employee termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund and the supplementary pension fund specified by each employee, where applicable. "Other changes" represent the transfer value of the provision in question.

Payables

Payables are shown in the financial statements at their face value, making use of the option granted by art. 2435-bis of the Italian Civil Code.

The classification of payables in the various payable items is based on their nature (or origin) with respect to ordinary operations, regardless of the period of time within which the liabilities have to be extinguished.

The following table shows the details of payables outstanding at 31/03/2023 (of which € 2,246,083 from the transfer):

Description	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	-	1,094,971	1,094,971	468,700	626,271
Due to other lenders	-	500,000	500,000	125,000	375,000
Advances	-	13,243	13,243	13,243	-
Trade payables	-	676,521	676,521	676,521	-
Payables due to fellow subsidiaries	-	164,232	164,232	164,232	-
Tax payables	-	17,761	17,761	14,061	3,700
Due to pension and social security institutions	-	27,437	27,437	27,437	-
Other payables	-	21,253	21,253	21,253	-
Total	**-**	**2,515,419**	**2,515,418**	**1,510,447**	**1,004,971**

The amounts due to banks include medium/long-term loans from Intesa Sanpaolo S.p.A. and UniCredit S.p.A., some of which taken on as part of the initiatives aimed at supporting the liquidity needs created following the COVID-19 health emergency (backed by a MedioCredito Centrale S.p.A. guarantee).

The amounts due to other lenders include the loan of € 500,000 disbursed in 2020 by SIMEST S.p.A. on the basis of the availability of the revolving fund established by Law no. 394/1981, aimed at improving and safeguarding the capital solidity of exporters. During the period, the company repaid instalments for a total of € 106,283.

Payables due to fellow subsidiaries refer to contractual relationships in place with Endurance Adler S.p.A. (€ 2,778) and Frenotecnica S.r.l. (€ 161,454).

Tax payables mainly include the amount due for payroll withholding taxes.

Other payables mainly include amounts due to employees for wages and salaries.

Debt secured by collateral on company assets

In accordance with art. 2427, paragraph 1, no. 6 of the Civil Code, we can confirm that there are no payables with a duration of more than five years nor payables secured by liens on company assets.

Accrued expenses and deferred income

The following table shows the changes in accrued expenses and deferred income.(€ 147,096 on transfer).

Description	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Accrued expenses and deferred income	-	107,241	107,241
Total	**-**	**107,241**	**107,241**

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 broken down according to their various 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.

The figures shown below refer to the period starting from the creation of the company (29 September 2022) and include the activity carried out following the transfer of the business unit by Newfren S.r.l. with effect from 8 November 2022. These results therefore refer to a period of approximately four months with no comparatives.

Value of production

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and bonuses, as well as the taxes directly connected to them.

Revenues from the provision of services are recognised when the service is rendered, i.e. when the service has been performed; in the case of services being provided on a continuous basis, the revenues are recognised for the portion that has accrued.

As regards purchases of goods, the costs are recorded when the transfer of ownership has taken place, in substance and not just in form, assuming the transfer of all risks and benefits as a parameter.

Revenues are recorded in the financial statements on an accrual basis, detailed as follows:

Description	FY 2022-2023
1) Revenues from sales of goods and services	2,155,325
2) Change in inventories of work in progress, semi-finished and finished products	176,816
5) Other income and revenues	24,198
Total	**2,356,339**

Other revenues include operating grants (€ 13,100) relating to the tax credit on depreciable capital assets (Law 160/2019 - Law 178/2020) and on energy consumption.

Production cost

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	FY 2022-2023
Raw and ancillary materials, consumables and goods for resale	1,578,010
Cost of services	539,905
Lease and rental charges	40,872
Payroll costs	
Wages and salaries	277,350
Social contributions	83,642
Employee termination indemnities	27,493
Other costs	1,448
Amortisation of intangible assets	104,090
Depreciation of tangible assets	27,372
Writedown of receivables included in current assets	7,315
Change in inventory of raw and ancillary materials, consumables and goods	(78,004)
Other operating expenses	9,645
Total	**2,619,138**

Financial income and charges

Financial income and charges (for net charges of € 18,572) are recognised on an accruals basis in relation to the portion accrued during the year.

There are also € 27 of charges relating to exchange differences realised during the period.

Adjustments to financial assets and liabilities

The write-down, € 216,710, of the equity investments recorded in long-term financial assets incorporates the lower value attributed to the equity investment in the subsidiary GDS S.A.R.L. (Tunisia) to adjust its value to the corresponding amount of the subsidiary's net equity resulting from the financial statements at 31.12. 2022

Amount and nature of revenues/costs of individual significance

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

Income taxes for the year, current and deferred

The company has accrued for taxation for the year based on the application of tax legislation in force. Current taxes refer to taxes for the year as shown in the Company's tax returns. Lastly, deferred tax liabilities and assets involve positive or negative elements of income, respectively, subject to taxation or deduction in years other than those of the statutory accounts.

Deferred taxation

This item includes the impact of deferred taxation on these financial statements. This is due to the temporary differences between the values attributed to an asset or liability according to statutory accounting criteria and the corresponding values recognised for tax purposes.

The Company has calculated the deferred tax with reference to IRES and IRAP.

The composition of current taxation for the year is shown in the following table:

	FY 2022-2023
Income taxes	**(114,972)**
Current taxation	
of which: IRES for the year (current)	-
of which: IRAP for the year (current)	-
of which: Taxation relating to prior years	-
Deferred tax assets and liabilities	**(114,972)**

Explanatory notes - other information

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

Employment data

The average number of employees is analysed by category below:

	White collar	Blue collar	Total employees
Average number	11	9	20

The workforce at 31 March 2023 consists of 20 people.

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

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

	Directors
Fees	41,667

Fees to auditors

Deloitte & Touche S.p.A. has been engaged to perform the independent audit from the current year.

The annual audit fee (€ 5,800) also include the cost of checking the tax returns, while the other verification services refer to checks on the regularity of the bookkeeping (€ 1,200);

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

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

Information about related-party transactions

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 in 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.

However, it is necessary to point out the indirect effects of the deterioration of market conditions deriving from the conflict between Russia and Ukraine and from geopolitical tensions in general.

Companies that prepare consolidated financial statements for the 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 derivatives.

Treasury shares and shares in parent companies

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

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

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 capital of the Company.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March 2022 was 84,134 (86.099 on 31 March 2021) - (source European Central Bank):

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Assets		
Non-current assets		
Fixed assets, net	16,541.36	14,871.19
Investments and other non-current assets	4,188.14	4,041.15
Current assets	16,663.90	15,464.13
Assets held for sale	-	-
Total assets	**37,393.40**	**34,376.47**

Balance sheet	Year ended 31/03/2022	Year ended 31/03/2021
Liabilities and equity		
Quotaholders' equity	**30,068.48**	**27,082.57**
Non-current liabilities		
Non-current financial liabilities	19.67	27.27
Other non-current liabilities	368.16	300.35
Current liabilities		
Current financial liabilities	5,981.66	5,991.54
Other current liabilities	955.43	974.74
Total liabilities and equity	**37,393.40**	**34,376.47**

Income statement	Year ended 31/03/2022	Year ended 31/03/2021
Revenues	**57,214.81**	**47,865.83**
Operating costs	49,684.29	40,414.48
Depreciation and amortisation	2,037.38	2,034.15
Financial charges	18.20	47.97
Non-recurring income/(expense)	(314.50)	(112.25)

Income before tax	**5,160.44**	**5,256.98**
Taxation for the year (current and deferred)	1,343.01	1,334.99
Net income (loss) for the year	**3,817.43**	**3,921.99**
OCI - Other comprehensive income	12.46	(7.06)
Total statement of comprehensive income	**3,829.89**	**3,914.93**

Please refer to the previous sections of this document for the description of any relationships with those exercising management control and coordination and with the other companies subject to them, as well as the effect that this activity has had on the running of the business and its results.

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

In relation to the provisions of art. 1, paragraph 125-bis, of Law 124/2017, regarding the obligation to provide evidence in the explanatory note of any sums of money received during the financial year by way of subsidies, advantages, contributions or aid, in cash or in nature, not having a general nature and having no consideration, remuneration or compensation of any kind, by public administrations and by the subjects referred to in paragraph 125-bis of the same article, the Company certifies that it received a tax credit during the year of € 12,716 for energy costs incurred.

Proposed allocation of profits or coverage of losses

Quotaholders,

In light of the matters explained above, the Board of Directors proposes to carry forward the net loss for the year of €383,109.

Explanatory notes - closing section

We confirm that these financial statements, which comprise the balance sheet, income statement and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We therefore invite you to approve the draft financial statements for the year ended 31/03/2023, 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 accounting records.

Cirie, 11/05/2023

For the Board of Directors

The Managing Director

Valter Barbero

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

Tel: +39 011 55971
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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Quotaholder of
New Fren S.r.l.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of New Fren S.r.l. (the "Company"), prepared in condensed format pursuant to Article 2435-bis of the Italian Civil Code, which comprise the balance sheet as at March 31, 2022 and the statement of income for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2023, and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Emphasis of matters

We draw your attention to the information provided by the Directors in the "First Part" section of the explanatory notes, where they indicate that, the company was incorporated by deed dated 29 September 2022 and registered with the Turin Company Register on 5 October 2022. They also disclose that the financial statements were prepared for the period from 29 September 2022 to 31 March 2023 for its first financial year and therefore no comparative information are provided.

Our opinion is not modified in respect of this matter.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, New Fren 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 New Fren S.r.l. does not extend to such data.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Barbieri
Partner

Turin, Italy
May 16, 2023

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

MAXWELL

BOARD'S REPORT
OF
MAXWELL ENERGY SYSTEMS PRIVATE LIMITED
FINANCIAL YEAR 2022-23

Maxwell Energy Systems Private Limited

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Andheri (E), Mumbai Mumbai City MH 400093 IN

Ph: 91-7738396185
CIN: U72900MH2017PTC298930

legal@maxwellenergy.co
www.maxwellenergy.co

NAMES OF PAST AND PRESENT DIRECTORS OF THE COMPANY WITH DIRECTOR IDENTIFICATION NUMBERS (DIN)

Sr. No	Name of the Director	DIN	Date of Appointment	Date of Resignation
1.	Sunil Vitthalrao Kolhe	09650178	01st July, 2022	-
2.	Akhil Prakash Panjwani	03214205	23rd August, 2017	-
3.	Alexandre Jacques Collet	09648192	01st July, 2022	-
4.	Jignesh Mahendrakumar Gandhi	09651207	01st July, 2022	-
5.	Subhashis Dhara Sharma	03204610	01st July, 2022	03rd April, 2023
6.	Muralikrishna Giddaluru	10137743	04th May, 2023	-
7.	Prakash Hiralal Panjwani	03214610	23rd August, 2017	01st July, 2022

The above disclosure has been given in accordance with Section 158 of Companies Act 2013, and reference of any of the above Directors made in this document be read along with the above disclosure of their respective Director Identification Numbers.

Dear Shareholders,

Your Directors present herewith the Sixth Annual Report on the business and operations of the Company together with the audited financial statements of the Company for the financial year ended 31st March, 2023.

SUMMARISED STATEMENT OF PROFIT & LOSS:

(₹ in million)

Particulars	Financial Year 2022-23	Financial Year 2021-22
Revenue from operations	208.48	171.42
Other income	3.84	24.59
Total Income	**212.32**	**196.01**
Raw Material Cost	126.48	65.25
Employee Benefit expenses	181.32	98.10
Finance cost	2.82	1.20
Depreciation	57.35	8.95
Other expenses	72.83	36.95
Total expenditure	**440.80**	**210.45**
(Loss) before exceptional items and tax	**(228.48)**	**(14.44)**
Exceptional items	0	0
(Loss) before tax	**(228.48)**	**(14.44)**
Net tax expenses	2.99	**(2.41)**
Net (loss) for the year	**(231.47)**	**(12.03)**

COMPANY'S PERFORMANCE:

During the year under review, the Company posted a total income of INR 212.32 million against INR 196.01 million in the previous year, reporting growth of 8.3 %. The performance of the Advanced Electronics sector has impacted during the year due to supply chain issues, mainly due to shortage of semiconductor chips and other associated components. Also, the introduction of the new Automotive Industry Standards (AIS) by the Government of India (GOI) has prolonged the activities of new product development, alignment with the technical needs of the customers, low offtake by Original Equipment Manufacturers (OEMs), etc. The net loss for the year under review is INR 231.47 million as against the net loss of INR 12.03 million in the previous year.

DIVIDEND:

In view of losses during the financial year under review, your Directors do not recommend dividend for the FY 2022-23.

AMOUNT PROPOSED TO CARRY TO RESERVES:

The Board of Directors of the Company has decided not to transfer any amount to the reserves for the year under review.

INVESTOR EDUCATION AND PROTECTION FUND:

During the period under review, the Company was not required to transfer any amount to the Investor Education & Protection Fund ("IEPF") under sub-section (2) of Section 125 of the Act and the IEPF (Accounting, Audit, Transfer and Refund Rules, 2016).

CHANGE IN NATURE OF THE BUSINESS:

During the financial year under review, there was no change in the nature of the business of the Company.

HOLDING COMPANY:

During the financial year under review, Endurance Technologies Limited ("ETL") has entered into Shareholders' Agreement with ION Energy Inc. ("ION") on 18th May, 2022 for acquiring the entire 100% issued and paid-up share capital of the Company, in a phased manner, by way of subscription and acquisition of equity shares of the Company.

To effect this, a Share Subscription and Purchase Agreement ("SSPA") was executed on 18th May, 2022 amongst the Company, ION and Akhil Prakash Panjwani ("Akhil") (jointly, "existing shareholders") of the Company and ETL. As per the SSPA, ETL holds 51% (Fifty-one per cent) of the share capital as a part of the initial tranche and thereafter shall acquire the remaining 49% (Forty-nine per cent) of the share capital in annual tranches spread over five financial years.

Under the initial tranche, the existing shareholders of the Company have transferred 32,866 equity shares to ETL (including its nominees) effective 1st July, 2022 and the Company allotted 37,007 equity shares on preferential basis by way of private placement to ETL on the same date. Considering this, ETL became the holding Company with 51% controlling stake w.e.f 1st July, 2022, three Directors nominated by ETL were appointed on the Board of the Company.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The Company does not have any subsidiary, associate and joint venture company.

DEPOSITS:

During the financial year under review, the Company has not accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

LOANS FROM THE DIRECTORS OR DIRECTORS' RELATIVES:

During the financial year under review, the Company has not borrowed any amount from the Directors or their relatives.

RELATED PARTY TRANSACTIONS:

During the financial year under review, the Company entered into contract/arrangement /transaction with related parties at arm's Length basis and in ordinary course of Business. Hence no approval was required under Section 188 of the Companies Act, 2013. The particulars of transactions in terms of Indian Accounting Standard (IND-AS 24) are forming part of the Financial Statements. Hence, as per proviso of Section 134 (3), there is no information to be disclosed in Form AOC-2.

APPLICABILITY OF CORPORATE SOCIAL RESONSIBILITY ("CSR"):

Pursuant to the provisions of Companies Act, 2013, the CSR is not applicable to the Company.

MAINTAINENCE OF COST RECORDS:

The provisions with respect to the maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 are not applicable on the Company and accordingly such accounts and records are not maintained.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed as **Annexure I**.

ANNUAL RETURN:

In terms of Section 92 (3) read with Section 134 (3) (a) of the Companies Act, 2013, the Annual Return of the Company for the financial year ended 31st March, 2023 shall be available on the Company's website : www.maxwellenergy.co/investor-relations.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has not advanced any loans, given guarantees and made investments under the provisions of Section 186 of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN 31ST MARCH, 2023 AND TILL THE DATE OF BOARD'S REPORT:

There have been no material changes and commitments, affecting the financial position of the Company, which occurred between the end of the financial year to which the financial statements relate and the date of this report.

INTERNAL FINANCIAL CONTROLS:

In terms of Section 134 of the Act, the term internal financial control means the policies and procedures adopted by a company for ensuring orderly and efficient conduct of its business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The Company has adequate internal financial control systems in the form of policies and procedures. It follows a structured mechanism of function-specific reviews and risk reporting by senior management of the Company and critical matters are brought to the attention of the Board. Further, internal Standard Operating Procedures (SOPs) and Schedule of Authority (SOA) are well defined and documented to provide clear guidance to ensure that all financial transactions are authorised, recorded and reported correctly.

In order to record day-to-day financial transactions and ensure accuracy in reporting thereof, the Company uses an established Enterprise Resource Planning (ERP) system, which is equipped with 'maker and checker' mechanism and has an audit trail of all transactions. Adequate controls and checks are built in the ERP system to integrate the underlying books of account and prevent any kind of control failure. Mapping of policies and procedures including SOPs and SOA is done through ERP and audit of these processes forms part of the work scope of statutory auditors of the Company.

REGISTERED OFFICE OF THE COMPANY:

The Company shifted the registered office from 312, Fida Ali Mansion, Shamal Das Gandhi Marg, Zaveri Bazar, Kalbadevi, Mumbai – 400 002, Maharashtra to Ground Floor, Plot No. A/2, Central Road (MIDC), Opp. Telephone Exchange Marg, Andheri (East), Mumbai - 400 093, Maharashtra with effect from 3rd August, 2022.

BOARD OF DIRECTORS:

Pursuant to the SSPA and as per Clause 90.2 of the Articles of Association, the Board shall comprise upto three Directors nominated by ETL and upto two Directors nominated by ION. As per Clause 90.6 of the Articles of Association of the Company, the Chairman of the Board shall be one among the Directors nominated by ETL.

As on 31st March, 2023, the Board of directors of the Company were as follows:

Sr. No.	Name of Director	DIN	Position
1.	Mr. Sunil Vitthalrao Kolhe	09650178	Chairman & Non-Executive Director
2.	Mr. Akhil Prakash Panjwani	03214205	Managing Director
3.	Mr. Alexandre Jacques Collet	09648192	Executive Director
4.	Mr. Jignesh Mahendrakumar Gandhi	09651207	Non-Executive Director
5.	Mr. Subhashis Dhara Sharma	03204610	Non-Executive Director

CHANGE IN DIRECTORATE

Directors nominated by Endurance Technologies Limited (ETL):

- Mr. Sunil Vitthalrao Kolhe was appointed as an Additional Director (in the capacity of Non- executive Director) of the Company w.e.f 1st July, 2022. His appointment as Non-executive Director was approved by the Members in the Extraordinary General Meeting held on 1st July, 2022.
  Thereafter, Mr. Sunil Kolhe was appointed as the Chairman of the Board of Directors of the Company w.e.f. 1st July, 2022.

- Mr. Subhashis Dhara Sharma was appointed as an Additional Director (in the capacity of Non-executive Director) of the Company w.e.f 1st July,2022. His appointment as Non-executive Director was approved by the Members in the Extraordinary General Meeting held on 1st July, 2022.

- Mr. Jignesh Mahendrakumar Gandhi was appointed as an Additional Director (in the capacity of Non-executive Director) of the Company w.e.f 1st July, 2022. His appointment as Non-Executive Director was approved by the Members in the Extraordinary General Meeting held on 1st July, 2022.

Director nominated by the ETL after the close of financial year till the date of this Board report:

Mr. Subhashis Dhara Sharma resigned from the post of Non-executive Director of the Company with effect from 3rd April, 2023 and to fill this vacancy owing to the said resignation, ETL has nominated Mr. Muralikrishna Giddaluru to be appointed on the Board of the

Company. Mr. Muralikrishna Giddaluru was appointed as Additional Director (in the capacity of Non-executive Director) of the Company w.e.f 4th May, 2023. His appointment as Non-executive Director shall be subject to the approval by the Members in the ensuing Annual General Meeting of the Company.

Director nominated by ION:
Mr. Alexandre Jacques Collet was appointed as an Additional Director (in the capacity of Executive Director) of the Company w.e.f 1st July, 2022. His appointment as Executive Director has been approved by the Members in the Extraordinary General Meeting of the Company held on 1st July, 2022.

Resignation of Director
Pursuant to Clause 8 of SSPA and due to his pre-occupation, Mr. Prakash Hiralal Panjwani has resigned from the Directorship of the Company with effect from the end of Board Meeting dated 1st July, 2022.

Change in Designation
Pursuant to clause 90.7 of the Articles of Association of the Company, Mr. Akhil Prakash Panjwani was re-designated as Managing Director of the Company for a period of 24 months w.e.f. 30th January, 2023 in the Extraordinary General Meeting of the Company held on 30th January, 2023.

The composition of the Board of the Company as on date of this report is as follows:

Sr. No.	Name of Director	DIN	Position
1.	Mr. Sunil Vitthalrao Kolhe	09650178	Chairman & Non-Executive Director
2.	Mr. Akhil Prakash Panjwani	03214205	Managing Director
3.	Mr. Alexandre Jacques Collet	09648192	Executive Director
4.	Mr. Jignesh Mahendrakumar Gandhi	09651207	Non-Executive Director
5.	Mr. Muralikrishna Giddaluru	10137743	Non-Executive Director

KEY MANAGERIAL PERSONNEL (KMP):
The following officials are 'Key Managerial Personnel' of the Company in terms of the provisions of section 2(51) of the Companies Act, 2013:

- Mr. Akhil Prakash Panjwani, Managing Director w.e.f. 30th January, 2023.
- Mr. Vishwas VS, Chief Executive Officer w.e.f. 27th March, 2023.

Appointed As KMPs
In terms of Articles of Association of the Company, and pursuant to nomination by Mr. Akhil Panjwani – Managing Director , Mr. Vishwas VS was appointed as the Chief Executive Officer of the Company for a period of 48 months w.e.f 27th March, 2023.

RETIREMENT BY ROTATION

As per the provisions of Section 152(6) of the Companies Act, 2013, Mr. Akhil Prakash Panjwani (DIN 03214205) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

SHARE CAPITAL:

AUTHORISED SHARE CAPITAL

The Authorized Share Capital of the Company was increased from INR 1,00,000/- (Rupees One Lakh) divided into 1,00,000 (One Lakh) equity shares of INR 1/- (Rupee one) each to INR 5,00,000/- (Rupees Five Lakh) divided into 5,00,000 (Five Lakh) equity shares of INR 1/- (Rupee one) each.

PAID UP CAPITAL

The Paid up Capital of the Company was increased from 1,00,000 (One Lakh) equity shares of INR 1/- (Rupee one) each to 1,37,007 (One Lakh Thirty Seven Thousand and Seven) of INR 1/- (Rupee one).

In the subsequent Board Meeting held on 1st July, 2022, 37,007 (Thirty Seven Thousand and Seven Only) shares were issued and paid up at a price of INR 19,321/- (Rupees Nineteen Thousand Three Hundred Twenty One) per share having face value of INR 1/- (Rupee one) and premium of INR 19,320/- (Rupees Nineteen Thousand Three Hundred Twenty) aggregating to INR 71,50,12,247/- (Rupees Seventy One Crore Fifty Lakh Twelve Thousand Two Hundred Forty Seven). The shares were subscribed by Endurance Technologies Limited and duly allotted to them.

This allotment was done on preferential basis by way of Private Placement.

The revised Capital Structure of the Company as on 31st March, 2023 is as follows:

Sr. no	Particulars	Number of Shares	Amount (In INR)
1.	Authorised Share Capital	5,00,000	5,00,000
2.	Issued Share Capital	1,37,007	1,37,007
3.	Subscribed Share Capital	1,37,007	1,37,007
4.	Paid-up Share Capital	1,37,007	1,37,007

The Company has not issued any shares with differential voting rights, sweat equity shares, neither has it granted any employee stock options nor issued any convertible securities.

BOARD MEETINGS:

During the financial year 2022-23, the Board of Directors met thirteen times on the following dates, i.e. 8th April, 2022, 11th April, 2022, 12th April, 2022, 17th April, 2022, 8th June, 2022, 14th June, 2022, 30th June, 2022, 1st July, 2022, 1st July, 2022, 3rd August, 2022, 5th November, 2022, 27th January, 2023, 27th March, 2023. in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The intervening gap between the meetings was within the period prescribed under the Act.

The statement below tabulates the attendance of each of the Director at aforesaid Board Meetings.

	Name of the Director	**Mr. Sunil Vitthalrao Kolhe*** **	**Mr. Akhil Prakash Panjwani**	**Mr. Alexander Jacques Collet**	**Mr. Jignesh Mahendrakumar Gandhi**	**Mr. Subhashis Dhara Sharma**	**Mr. Prakash Hiralal Panjwani**
	Category	**Non-Executive Director**	**Managing Director***	**Executive Director**	**Non-Executive Director**	**Non-Executive Director**	**Executive Director**
Date of the Meeting	**No. of Meeting (FY 2022-23)**						
8th April, 2022	1	NA	Yes	NA	NA	NA	Yes
11th April, 2022	2	NA	Yes	NA	NA	NA	Yes
12th April, 2022	3	NA	Yes	NA	NA	NA	Yes
17th May, 2022	4	NA	Yes	NA	NA	NA	Yes
8th June, 2022	5	NA	Yes	NA	NA	NA	Yes
14th June, 2022	6	NA	Yes	NA	NA	NA	Yes
30th June, 2022	7	NA	Yes	NA	NA	NA	Yes
1st July, 2022	8	NA	Yes	NA	NA	NA	Yes**
1st July, 2022	9	Yes	Yes	Yes	Yes	Yes	NA
3rd August, 2022	10	Yes	Yes	Yes	Yes	Yes	NA
5th November, 2022	11	Yes	Yes	Yes	Yes	Yes	NA
27th January, 2023	12	Yes	Yes	Yes	Yes	No	NA
27th March, 2023	13	Yes	Yes	Yes	Yes	Yes	NA

**Mr. Prakash Hiralal Panjwani was elected as the Chairman for the 8th Board Meeting of the Company held on 1st July, 2022.
***Mr. Sunil Vitthalrao Kolhe was elected as the Chairman of the Board of Directors on 1st July, 2022 (9th Board Meeting).
*Mr. Akhil Panjwani was designated as Managing Director in Extra Ordinary General Meeting held on 30th January, 2023.
*Mr. Akhil Prakash Panjwani was the Chairman of the Board from the first Board meeting to seventh Board Meeting of the Company.

SECRETARIAL STANDARDS:
The Company is in compliance with the Secretarial Standards on Meeting of Board of Directors (SS-1) and General Meetings (SS-2).

RISK MANAGEMENT POLICY:
The Management of the Company has designed various policies on program management, Standard Operating Procedures (SOPs) for various processes, etc to avoid events & circumstances which may lead to negative consequences on the Company's business. The Company has also defined a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

STATUTORY AUDITORS:

During the year under review, M/s. Hinesh R. Doshi & Co. LLP (ICAI Registration Number 103677W/W-100056) resigned from their position as the Statutory Auditors with effect from 13th July, 2022. M/s. SRBC & Co LLP ("SRBC"), Chartered Accountants (ICAI Registration Number 324982E/E300003), was appointed as Statutory Auditor of the Company in the Extraordinary General Meeting of the Company held on 04th August, 2022 to fill up the casual vacancy and hold office up to the conclusion of the ensuing Annual General Meeting ("AGM") of the Company.

In view of the foregoing, the Board has at its meeting held on 17th July, 2023, recommended the appointment of SRBC as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of the ensuing sixth Annual General Meeting of the Company till the conclusion of the eleventh Annual General Meeting of the Company, covering the period of five financial years from 2023-24 till 2027-28, for approval of the Members.

The Statutory Auditors of the Company have issued an unqualified audit report on the financial statements for the financial year ended 31st March, 2023. The Auditors Report for the financial year ended 31st March, 2023 on the financial statements of the Company forms part of this Annual Report.

REPORTING OF FRAUDS BY STATUTORY AUDITORS:
During the financial year under review, no instances of fraud have been reported by the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013.

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:
There were no orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

DIRECTOR'S RESPONSIBILITY STATEMENT:
Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors based on the representations received from the Management, confirm that:

i. in the preparation of the annual accounts for the year ended 31st March, 2023, the applicable accounting standards had been followed.

ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Directors have prepared the annual accounts on a going concern basis;

v. the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively;

DISCLOSURE UNDER SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has adopted a "Policy on Safety & Security and Prevention of Sexual harassment of Women Employees" ("POSH Policy") in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The POSH Policy aims to provide a safe, friendly, positive and productive working environment and promote an atmosphere in which employees can realise their maximum potential. The policy applies to all permanent and temporary employees and also to workforce engaged by the Company through contractors.

The Company observes zero tolerance towards any kind of violation of the aforementioned POSH Policy. As per POSH Policy, the Company has constituted Internal Committee ("IC"). The IC is chaired by a female employee and other officials of the Company are its members along with an external member who has experience in dealing with cases relating to sexual harassment. The IC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the POSH Policy.

There were no cases pending at the beginning of the year and filed during the year.

REMUNERATION DETAILS AS PER SCHEDULE V:

In terms of Schedule V Part II (Remuneration) of the Companies Act, 2013, the remuneration details of the Directors appointed under Chapter XII of the Companies Act, 2013 is provided under **Annexure II.**

DISCLOSURE OF PROCEEDINGS PENDING OR APPLICATION MADE UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

No application was filed for corporate insolvency resolution process, by a financial or operational creditor or by the company itself under the IBC before the NCLT.

WHISTLE BLOWER POLICY:

The Company has adopted Whistle Blower Policy and the objective of this policy is to create a window for any person who observes any unethical behavior, actual or suspected fraud, or violation of the Company Code of Conduct and to report the same to the officials appointed under the same policy. The said policy also encompasses reporting of instances of leak of Unpublished Price Sensitive Information (UPSI).

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their sincere appreciation towards the commitment, hard work and support of all its employees during the financial year ended 31st March, 2023.

The Directors also express their gratitude towards the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

For and on behalf of the Board

sd/-
Sunil Vitthalrao Kolhe
Chairman
DIN: 09650178

Date: 1st August, 2023
Place: Pune

ANNEXURE I

DISCLOSURE PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of energy:

Steps taken or impact on conservation of energy	The Company has not spent any substantial amount on Conservation of Energy to be disclosed here.
Steps taken by the company for utilizing alternate sources of energy	
Capital investment on energy conservation equipment's	

(B) Technology absorption:

Efforts made towards technology absorption	During the financial year under review, the Company had acquired the Intellectual Property (Technology, assets and inventions) pertaining to the Battery Management Systems (BMS), from ION Energy Inc.
Benefits derived like product improvement, cost reduction, product development or import substitution	The above acquisition helps the Company to have proprietary ownership on the technology and thus contribute towards product improvement/new product development.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
• **Details of technology imported**	During the financial year under review, the Company had acquired the Intellectual Property (Technology, assets and inventions) pertaining to the Battery Management Systems (BMS), from ION Energy Inc.
• **Year of import**	Financial Year 2022-23
• **Whether the technology has been fully absorbed**	Yes
• **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof**	Not Applicable
Expenditure incurred on Research and Development (Rupees in million)	Direct material cost of INR 2.94 million incurred on Research and Development, aside to the Man hours consumed.

(C) Foreign exchange earnings and Outgo:

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual inflows is as follows:

	April 01, 2022 to March 31, 2023 (₹ in million)
Actual Foreign Exchange earnings	155.21
Actual Foreign Exchange outgo	521.78

For and on behalf of Board

sd/-
Sunil Vitthalrao Kolhe
Chairman
DIN:09650178

Date: 1st August, 2023
Place: Pune

ANNEXURE II
REMUNERATION DETAILS OF DIRECTORS APPOINTED UNDER SCHEDULE V OF THE COMPANIES ACT, 2013

Mr. Akhil Prakash Panjwani – Managing Director

1. All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. given below
2. Details of fixed component and performance linked incentives along with performance criteria: given below.
3. Service Contract, Notice period, Severance fees: The appointment as MD shall be for the tenure of 24 months, i.e. 30th January, 2023 to 30th January, 2025.
4. Stock options details, if any, and whether the same has been issued at a discount as well the period over which accrued and over which exercisable: Nil

Remuneration for FY 2022-23:

Fixed Remuneration:

Sr. No	Payment Component	Monthly (INR)	Yearly (INR)
1	Basic	2,50,000	30,00,000
2	House Rent Allowance	1,25,000	15,00,000
3	Medical Allowance	1,200	14,400
4	Conveyance	2,300	27,600
5	Employer Contribution to Provident Fund	1,800	21,600
6	Special Allowance	2,44,700	29,36,400
7	**Total Fixed Pay**	**6,25,000**	**75,00,000**
	Deductions		
8	Employer Contribution to Provident Fund	1,800	21,600
9	Executive Contribution to Provident Fund	1,800	21,600
10	Professional Tax	200	2,400
11	Provision for Gratuity	12,025	1,44,300
12	**Net Salary**	**6,09,175**	**73,10,100**

Sr. No	Financial Year	Remuneration payable	Term
1	2022-23	INR 6,25,000 per month	2 Months
2	2023-24	Remuneration up to 150% of the last drawn remuneration, as may be approved by Board	12 Months
3	Balance period of 2024-25 i.e., 10 months	Remuneration up to 150% of the last drawn remuneration, as may be approved by the Board	10 Months

Long Term Incentive Plan (LTIP):

Sr.No	Financial Year	Range of LTIP amount
1	2022-23	INR 2,24,490 to 8,97,960, as may be approved by the Board
2	2023-24	INR 2,46,939 to 9,87,755, as may be approved by the Board
3	2024-25	INR 2,91,837 to 11,67,346, as may be approved by the Board

The terms and conditions of appointment is per the employment agreement dated 18th May, 2022 executed between Mr. Akhil Prakash Panjwani and the Company.

Mr. Alexandre ***Jacques*** Collet – Executive Director

Pursuant to the Consultancy agreement dated 18th May, 2022, Mr. Alexandre Jacques Collet was appointed as Chief Technical Officer (CTO) of the Company and the professional fees paid to him for the financial year 2022-23 is INR 37,80,000 (Thirty seven lakh eighty thousand) i.e. INR 4,20,000/- (Rupees four lakh twenty thousand) per month on pro rata basis.

For and on behalf of the Board

sd/-
Sunil Vitthalrao Kolhe
Chairman
DIN: 09650178

Date: 1st August, 2023
Place: Pune

INDEPENDENT AUDITOR'S REPORT

To the Members of Maxwell Energy Systems Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Maxwell Energy Systems Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. 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 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Board of Directors' report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing 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 SAs 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 SAs, 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2022 and the transition date opening balance sheet as at April 01, 2021 included in these financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 / Companies (Accounting Standards) Rules, 2021 audited by the predecessor auditor whose reports for the years ended March 31, 2022 and March 31, 2021 dated June 30, 2022 and November 15, 2021, respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

g. In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

(This space is intentionally left blank)

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

sd/-
per Mustafa Saleem
Partner
Membership Number: 136969
UDIN: 23136969BGXFHG8572
Place of Signature: Pune
Date: May 4, 2023

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Maxwell Energy Systems Private Limited (the "Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

i.a.A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

i.a.B. The Company has maintained proper records showing full particulars of intangible assets.

i.b. Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

i.c. There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

i.d. The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

i.e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii.a. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification.

ii.b. The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

iii. During the year, the Company has not provided loans, advances in nature of loans, made investment, stood guarantee or provided security to Companies, firm, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the order is not applicable to the Company.

iv. There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

vii.a The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

vii.b There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix.a. The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

ix.b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

ix.c. The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

ix.d. On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

ix.e. The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

ix.f. The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

x.a. The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

x.b. The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment / private placement of shares during the year. The funds raised, have been used for the purposes for which the funds were raised.

xi.a. No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

xi.b. During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

xi.c. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirements to report on clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order are not applicable to the Company.

xiii. Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

xiv. The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and (b) of the Order is not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

xvi.a. The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

xvi.b. The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

xvi.c. The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

xvi.d. There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company .

xvii. The Company has incurred cash losses amounting to Rs. 168.38 million in the current year and amounting to Rs. 4.28 million in the immediately preceding financial year.

xviii. The previous statutory auditors of the Company have resigned during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

xix. On the basis of the financial ratios disclosed in note 36 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company was not required to spend any amount in respect of Corporate Social Responsibility activities under section 135 (5) of the Companies Act, 2013 for the year ended March 31, 2023, Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

sd/-
per Mustafa Saleem
Partner
Membership Number: 136969
UDIN: 23136969BGXFHG8572
Place of Signature: Pune
Date: May 4, 2023

Annexure 2 to the Independent Auditor's report of even date on the financial statements of Maxwell Energy Systems Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Maxwell Energy Systems Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

sd/-
per Mustafa Saleem
Partner
Membership Number: 136969
UDIN: 23136969BGXFHG8572
Place of Signature: Pune
Date: May 4, 2023

Maxwell Energy Systems Private Limited
Balance sheet as at 31st March, 2023

₹ in million

Particulars	Note	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	3 (i)	23.00	19.42	6.48
(b) Intangible assets	3 (iii)	349.13	4.39	5.20
(c) Intangible assets under development	3 (iv)	0.59	-	-
(d) Right-of-use assets	3 (ii)	14.31	18.71	0.96
(e) Financial assets				
(i) Other financial asset	4	1.65	2.34	0.78
(f) Other non-current asset	5	4.11	8.91	5.30
(g) Deferred tax assets (net)	31	-	3.90	1.49
		392.79	**57.67**	**20.22**
2. Current assets				
(a) Inventories	7	23.40	19.10	8.61
(b) Financial assets				
(i) Trade receivables	9	64.38	33.28	12.44
(ii) Cash and cash equivalents	8	48.35	3.64	5.23
(iii) Other financial asset	10	0.05	0.28	0.06
(c) Other current assets	6	94.92	17.44	5.45
		231.10	**73.74**	**31.79**
Total assets (1 + 2)		**623.89**	**131.41**	**52.01**
EQUITY AND LIABILITIES				
1. EQUITY				
(a) Equity share capital	11	0.14	0.10	0.10
(b) Other equity	12	476.92	(9.30)	3.07
		477.06	**(9.20)**	**3.17**
LIABILITIES				
2. Non-current liabilities				
(a) Financial liabilities				
(i) Lease liabilities	17	10.42	14.16	-
(b) Provisions	13	5.40	4.98	2.70
		15.82	**19.14**	**2.70**
3. Current liabilities				
(a) Financial liabilities				
(i) Trade payables	14			
(a) total outstanding dues of micro enterprises and small enterprises		0.64	1.17	0.44
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		87.06	38.51	7.55
(ii) Lease liabilities	17	5.23	4.98	1.10
(iii) Other financial liabilities	15	5.90	9.97	7.33
(b) Provisions	13	0.97	0.09	0.00
(c) Other current liabilities	16	31.21	66.75	29.72
		131.01	**121.47**	**46.14**
Total equity and liabilities (1 + 2 + 3)		**623.89**	**131.41**	**52.01**
Summary of significant accounting policies	2			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

sd/-
per Mustafa Saleem
Partner
Membership no. 136969
Place: Pune
Date: 04th May, 2023

For and on behalf of the Board of Directors of
Maxwell Energy Systems Private Limited

sd/-
Sunil V Kolhe
Chairman
DIN:09650178
Place: Pune
Date: 04th May, 2023

sd/-
Akhil Panjwani
Managing Director
DIN:03214205
Place: Mumbai
Date: 04th May, 2023

sd/-
Vishwas V S
CEO
ADDPV1188L
Place: Bangalore
Date: 04th May, 2023

Maxwell Energy Systems Private Limited
Statement of Profit and Loss for the year ended 31st March, 2023

Particulars	Notes	For the year ended 31st March, 2023	For the year ended 31st March, 2022
			₹ in million
INCOME			
I. Revenue from operations	18	208.48	171.42
II. Other income	19	3.84	24.59
III Total income (I + II)		**212.32**	**196.01**
IV. EXPENSES:			
(a) Cost of raw materials & components consumed	20	130.78	75.73
(b) Changes in stock of raw materials & components	20	(4.30)	(10.48)
(c) Employee benefits expense	21	181.32	98.10
(d) Finance costs	24	2.82	1.20
(e) Depreciation and amortisation expenses	23	57.35	8.95
(f) Other expenses	22	72.83	36.95
Total expenses (IV)		**440.80**	**210.45**
V. (Loss) before tax (III - IV)		**(228.48)**	**(14.44)**
VI. Tax expense:			
(a) Current tax expense		-	-
(b) Deferred tax (credit) / charge		2.99	(2.41)
Total tax expense		**2.99**	**(2.41)**
VII. (Loss) for the year (V - VI)		**(231.47)**	**(12.03)**
VIII. Other comprehensive income			
(a) items that will not to be reclassified to profit or loss in subsequent years:			
(i) Re-measurement of defined benefit plans		3.63	(0.34)
(b) Income tax effect		(0.91)	-
Total other comprehensive gain/(loss) for the year, net of tax		**2.72**	**(0.34)**
IX. Total comprehensive income for the year (comprising loss and other comprehensive income for the year) (VI + VIII)		**(228.75)**	**(12.37)**
X. Earnings per equity share (face value of Rs. 1 each)			
Basic and Diluted (in Rs.)	25	(1,811.83)	(120.28)

Summary of significant accounting policies	2
The accompanying notes are an integral part of the financial statements	

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

sd/-
per Mustafa Saleem
Partner
Membership no. 136969
Place: Pune
Date: 04th May, 2023

For and on behalf of the Board of Directors of
Maxwell Energy Systems Private Limited

sd/-
Sunil V Kolhe
Chairman
DIN:09650178

sd/-
Akhil Panjwani
Managing Director
DIN:03214205

sd/-
Vishwas V S
CEO
ADDPV1188L

Place: Mumbai
Date: 04th May, 2023

Maxwell Energy Systems Private Limited
Cash flow statement for the year ended 31st March, 2023

₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
A. Cash flow from operating activities		
Loss before tax	**(228.48)**	**(14.44)**
Adjustment for:		
- Depreciation and amortisation expense	57.35	8.95
- Trade receivables and advances written off	1.10	-
- Excess provisions /creditors' balances written back	(0.82)	-
- Unrealised exchange (gain)/loss (net)	(0.07)	0.70
- Loss on sale of property, plant and equipment/ PPE discarded (net)	0.02	0.01
- Finance costs	2.82	1.20
- Unwinding of interest income on security deposits	(0.10)	-
- Interest income	(2.88)	-
Operating loss before working capital changes	**(171.06)**	**(3.58)**
Movements in working capital :		
Adjustment for (increase) / decrease in operating assets		
- Trade receivables	(31.10)	(21.55)
- Inventories	(4.30)	(10.48)
- Other current assets	(77.47)	(12.00)
- Other current financial assets	0.22	(0.22)
- Trade payables	47.94	31.70
- Current provision	0.88	0.09
- Other current financial liabilities	(4.07)	2.64
- Other current liabilities	(35.54)	37.03
- Non-current financial assets	0.69	(2.13)
- Non-current provision	4.05	1.94
Sub Total	**(98.71)**	**27.02**
Cash generated from/(used in) operating activities	**(269.76)**	**23.44**
Direct taxes paid (net of refunds)	4.70	(3.43)
Net cash generated from/(used in) operating activities (A)	**(265.06)**	**20.01**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment; and intangible assets (including capital work in progress, intangible assets under development and capital advances)	(401.79)	(17.87)
Interest received	2.82	-
Proceeds from sale of property, plant and equipment	0.04	0.14
Net cash generated/(used in) investing activities (B)	**(398.93)**	**(17.73)**

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Maxwell Energy Systems Private Limited
Cash flow statement for the year ended 31st March, 2023

₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
C. Cash flow from financing activities		
Payment of principal portion of lease liabilities	(3.49)	(2.66)
Payment of interest on lease liabilities	(1.49)	(1.01)
Finance costs paid	(1.33)	(0.19)
Proceeds from issue of equity share (including securities premium)	715.01	-
Net cash generated from/(used in) financing activities (C)	**708.70**	**(3.86)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**44.71**	**(1.58)**
Cash and cash equivalents as at beginning of the year	3.64	5.23
Cash and cash equivalents as at year end	**48.35**	**3.65**
Components of cash and cash equivalents (Refer note 8)		
Balances with banks	**48.35**	**3.62**
Cash on hand *	**0.00**	**0.02**
Total cash and bank balances	**48.35**	**3.64**

* Amount is below ₹ 0.01 million
Movements in financial liabilities - refer note 17.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

sd/-
per Mustafa Saleem
Partner
Membership no. 136969
Place: Pune
Date: 04th May, 2023

For and on behalf of the Board of Directors of
Maxwell Energy Systems Private Limited

sd/-
Sunil V Kolhe
Chairman
DIN:09650178

sd/-
Akhil Panjwani
Managing Director
DIN:03214205

sd/-
Vishwas V S
CEO
ADDPV1188L

Place: Mumbai
Date: 04th May, 2023

Maxwell Energy Systems Private Limited
Statement of changes in equity for the year ended 31st March, 2023

₹ in million

a) Equity share capital

Particulars	Nos.	Amount
Equity shares of Rs. 1 each issued, subscribed and fully paid		
At 01st April, 2021	1,00,000	0.10
Issued during the year *	-	-
At 31st March, 2022	**1,00,000**	**0.10**
Issued during the year *	37,007	0.04
At 31st March, 2023	**1,37,007**	**0.14**

* There are no changes in share capital due to prior period errors.

b) Changes in other equity

Particulars	Retained earnings	Securities premium	Total equity
Balance at 01st April, 2021	**3.07**	**-**	**3.07**
(Loss) for the year	(12.03)	-	**(12.03)**
Other comprehensive income for the year, net of tax	(0.34)	-	**(0.34)**
Balance at 31st March, 2022	**(9.30)**	**-**	**(9.30)**
(Loss) for the year	(231.47)	-	(231.47)
Other comprehensive income for the year, net of tax	2.72	-	2.72
Securities Premium	-	714.97	714.97
Balance at 31st March, 2023	**(238.05)**	**714.97**	**476.92**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

sd/-
per Mustafa Saleem
Partner
Membership no. 136969
Place: Pune
Date: 04th May, 2023

For and on behalf of the Board of Directors of
Maxwell Energy Systems Private Limited

sd/-
Sunil V Kolhe
Chairman
DIN:09650178

Place: Pune
Date: 04th May, 2023

sd/-
Akhil Panjwani
Managing Director
DIN:03214205

Place: Mumbai
Date: 04th May, 2023

sd/-
Vishwas V S
CEO
ADDPV1188L

Place: Bangalore
Date: 04th May, 2023

1. CORPORATE INFORMATION

Maxwell Energy Systems Private Limited ("the Company") is a private limited company incorporated and domiciled in India on 23rd August, 2017 under the provisions of the Companies Act, 2013.

The Company is in the business of development, manufacture, assembly and selling of electronic automobile components (a) electronic controller units being battery management systems, battery focused power distribution units and motor controller units for electric vehicles and / or energy storage systems; and (b) telematics controllers for automotive industry.

The address of its registered office is Ground Floor, Plot No. A/2, Central Road (MIDC), Opp. Telephone Exchange Marg, Andheri (E), Mumbai and the Company has manufacturing/assembly facilities in Manesar and Mumbai.

These Ind AS financial statements for the year ended 31st March, 2023 were approved by the Board of Directors and authorised for issue on 4th May, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Statement of Compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and the presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS Compliant Schedule III), as applicable.

2.01A Basis of preparation and presentation:

These financial statements consist of standalone financial statements of the Company and have been prepared on a historical cost basis. The financial statements are presented in INR and all values are rounded off to the nearest million (INR 000,000), except as stated otherwise.

2.02 Use of estimates and assumptions:

The preparation of these Ind AS financial statements requires the management of the Company to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the Ind AS financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and future periods are affected.

Key sources of estimation of uncertainty at the date of the Ind AS financial statements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of useful lives of property, plant and equipment.

Useful lives of Property, plant and equipment and intangible assets:

The Company reviews the useful life of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation/amortisation expense in future periods.

2.03 Revenue from contract with customer:

Revenue is recognized when control of goods and services have been transferred to the customer; at an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services. The timing of when the Company transfers the goods or provide services may differ from the timing of the customer's payment. Amounts disclosed as revenue are net of goods and service tax (GST).

The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided below.

Sale of Goods:

The Company based on the underlying agreements has determined that the transfer of control to the customer and therefore revenue recognition, in regard to the domestic sales and export sales, generally corresponds to the date when the goods are dispatched from their point of sale, or when the goods are made available to the customer, or when the goods are released to the carrier responsible for transporting them to the customer. Export sales are recorded at the relevant exchange rates prevailing on the transaction date.

Generally, the normal credit period is 45 to 60 days upon delivery for customers in India and overseas.

Sale of Services

a. The Company provides engineering services to its customers. Revenue from engineering is accounted as and when such services are rendered.

b. The Company provides Research & Development (R&D) services to its customers. Revenue from R&D services are valued on cost plus markup basis and accounted as and when such services are rendered.

Sale of licences

Revenue from sale of licence is recognised based on the terms of the contract with customer. Revenue from one time licence fees is recognised over the period of licence.

Variable consideration

If the consideration in a contract includes a variable amount (like volume rebates/incentives, discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

Warranty obligations

The Company provides warranties for general repairs of defects as per terms of the contract with customers. These warranties are considered as assurance type warranties and are accounted for under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy no. 2.15 Financial instruments – Financial assets at amortized cost.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some, or all the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.04 Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of use assets are also subject to impairment. Refer to note 2.13.2 Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included under borrowings and other current financial liabilities (refer note 17).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.05 Foreign Currency:

The functional currency of the Company is Indian Rupee.

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement or translation are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.06 Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.07 Government grants and export incentives:

1. Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants relating to income are deferred and recognized in the profit or loss over the periods necessary to match them with the costs that they are intended to compensate and presented within other operating revenues.

2. Export incentives

Export incentives are accrued in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Export incentives in the nature of Remission of Duties and Taxes on Export Product (RODTEP) and duty drawbacks are recognised on accrual basis in the year of export.

2.08 Employee benefits:

1. Defined contribution plan:

Provident fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined benefit plan:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

Compensated absences:

The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of unutilized compensated absence on the basis of an independent actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to profit or loss and are not deferred.

2.09 Taxes:

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to tax authorities.

The Company’s current tax is measured using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method depending on which method predicts better resolution of the treatment.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred taxes

Deferred tax is recognized using liability method. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends and has ability to settle its current tax assets and liabilities on a net basis.

2.10 Property, plant and equipment:

For transition to Ind AS, the Company has elected to continue with the carrying value of all the property, plant and equipment recognised as of 1st April, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date.

Property, plant and equipment (including capital work in progress) are stated at cost of acquisition or construction where cost includes amount added/ deducted on revaluation less accumulated depreciation and impairment losses, if any. All costs directly relating to the acquisition and installation of assets are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation on Property, plant and equipment has been provided on a straight-line basis as per the useful life prescribed in Schedule II to the Companies Act, 2013. except in respect of the Vehicles in whose case the life is considered as 8 years which has been assessed taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and anticipated technological changes.

The residual values, useful life and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

2.11 Intangible Assets:

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

i) Software and intellectual property rights are amortized over a period of six years;

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

2.12 Non-current assets held for sale:

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Management must be committed to the sale expected within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

The criteria for held for sale classification is regarded met only when the assets are available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized. All other notes to the Ind AS financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

2.13 Impairment of financial and non-financial assets:

1. Financial assets

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost for e.g., deposits, trade receivables and bank balances. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit losses (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (EIR). When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument over the expected life of the financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortized cost, revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

2. Non-financial assets

The Company assesses at each reporting date, whether there is any indication that the carrying amount of non-financial asset may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount, (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit or loss. The Company bases its impairment calculation on budgets and forecast calculations.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the /risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

2.14 Inventories

Inventories of Raw materials and Finished goods and work-in-progress, are valued at the lower of cost and net realizable value. Cost is ascertained on a weighted average basis. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a. Raw materials: cost includes cost of purchase of circuit boards & components and other costs incurred in bringing the inventories to their present location and condition.

b. Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets in the nature of debt instruments are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets including derivative financial instruments are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of assets and liabilities at fair value through profit and loss are immediately recognized in the Statement of Profit and Loss.

Financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables. Trade and other payables are measured subsequently at FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or
b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Reclassification of financial assets and financial liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.16 Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 - Earnings per Share. Basic earnings per share is computed by dividing the net profit or loss after tax for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

2.17 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalized. The amount capitalized comprises of expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant & equipment utilized for research and development are capitalized and depreciated/ amortized in accordance with the policies stated for Property, plant & equipment and Intangible Assets.

2.18 Cash flow statement

The Cash flow statement is prepared by the indirect method set out in Ind AS 7 - Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.19 Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is

- expected to be realized or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading - expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.
  Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it is

- expected to be settled in its normal operating cycle
- held primarily for the purpose of trading
- due to be settled within 12 months after the reporting period, or
- does not have any unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Current liabilities include the current portion of long-term financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

2.20 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Ind AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Other disclosures

1) There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the period.
2) The valuation techniques used above are consistent with all periods presented.

   There are no recurring or non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy.

Valuation Techniques used to determine fair value
Investments in Mutual Funds - are valued at net asset value declared by AMFI at the reporting date.

2.21 Share Capital Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.22 Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of development, manufacture, assembly and selling of electronic automobile components ((a) electronic controller units being battery management systems, battery focused power distribution units and motor controller units for electric vehicles and / or energy storage systems; and (b) telematics controllers for automotive industry), which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of profit and loss represent the revenue, total expenses and the net profit of the sole reportable segment.

2.23 Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the Ind AS financial statements.

Product warranty expenses:

The estimated liability for product warranties is accounted when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

2.24 Other income

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Others

The Company recognizes income on accrual basis. However, where the ultimate collection of the same lack reasonable certainty, revenue recognition is postponed to the extent revenue is reasonably certain and can be reliably measured.

2.25 New and Amended standards

Several amendments apply for the first time, but do not have an impact on the Ind AS financial statements of the Company.

- Amendments to Ind AS 116: Covid-19-Related Rent Concessions.
- Amendments to Ind AS 103 Business Combinations
- Amendments to Ind AS 1 and Ind AS 8: Definition of Material
- Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 3(i): Property, plant and equipment

₹ in million

Particulars	Office equipment		Data processing equipment	Furniture and fittings	Plant and machinery	Vehicles	Leasehold improvements	Total
Cost								
At 01st April, 2021#	**0.33**		**1.12**	**1.20**	**3.80**	**0.04**	**-**	**6.48**
Additions	0.49		1.93	0.91	5.05	-	7.83	**16.22**
Disposals	0.13		0.02	-	-	-	-	**0.15**
At 31st March, 2022	**0.69**		**3.03**	**2.11**	**8.85**	**0.04**	**7.83**	**22.55**
Additions	0.33		3.23	0.26	4.30	-	0.59	**8.71**
Adjustment	-		-	-	(0.97)	-	-	**(0.97)**
Disposals	-		-	-	-	0.04	-	**0.04**
At 31st March, 2023	**1.02**		**6.26**	**2.37**	**12.18**	**-**	**8.42**	**30.25**
Accumulated depreciation								
At 01st April, 2021#	**-**		**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	0.20		1.09	0.41	1.00	0.01	0.44	**3.15**
Disposals	0.00	*	0.02	-	-	-	-	**0.02**
At 31st March, 2022	**0.20**		**1.07**	**0.41**	**1.00**	**0.01**	**0.44**	**3.13**
Charge for the year	0.17		1.46	0.24	0.68	0.00	1.60	**4.15**
Disposals	-		-	-	-	0.01	-	**0.01**
At 31st March, 2023	**0.37**		**2.53**	**0.65**	**1.68**	**0.00**	**2.04**	**7.27**
Net block								
At 31st March, 2022	**0.49**		**1.96**	**1.70**	**7.85**	**0.03**	**7.39**	**19.42**
At 31st March, 2023	**0.65**		**3.73**	**1.72**	**10.50**	**0.00**	**6.38**	**23.00**

On transition to Ind AS (i.e. 01st April, 2021), the Company has elected to continue with the carrying value of all property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

Note 3(ii): Right of use assets

Set out below, are the carrying amounts of the Company's ROU assets and the movements during the years:

₹ in million

Particulars	Building*	Total
As at 1st April, 2021#	0.96	0.96
Additions	21.28	21.28
Depreciation expense for the year	3.53	3.53
As at 31st March, 2022	18.71	18.71
Additions	-	-
Depreciation expense for the year	4.40	4.40
As at 31st March, 2023	14.31	14.31

* Building includes office premises situated at Andheri, Mumbai leased for period upto 5 years.

The Company, on transition to Ind AS, has applied the transitional provisions and recognised the right-of-use asset as on 01st April, 2021. Refer note 36 for details.

The Company has short term or low value assets on lease at Manesar, Haryana.

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Note 3(iii): Intangible assets

₹ in million

Particulars	Softwares	Intellectual	Total
Cost			
At 01st April, 2021#	**3.85**	**1.35**	**5.20**
Additions	1.47	-	**1.47**
Disposals	-	-	**-**
At 31st March, 2022	**5.32**	**1.35**	**6.67**
Additions	4.21	389.34	**393.55**
Disposals	-	-	**-**
At 31st March, 2023	**9.53**	**390.69**	**400.22**
Accumulated amortisation			
At 01st April, 2021#	**-**	**-**	**-**
Charge for the year	1.75	0.53	**2.28**
Disposals	-	-	**-**
At 31st March, 2022	**1.75**	**0.53**	**2.28**
Charge for the year	1.49	47.32	**48.81**
Disposals	-	-	**-**
At 31st March, 2023	**3.24**	**47.85**	**51.09**
Net block			
At 31st March, 2022	**3.57**	**0.82**	**4.39**
At 31st March, 2023	**6.29**	**342.84**	**349.13**

On transition to Ind AS (i.e. 01st April, 2021), the Company has elected to continue with the carrying value of all intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Note 3(iv): Intangible assets under development ageing schedule as at March 31, 2023

₹ in million

Particulars	Amount in intangible assets under development for a period of				
	Less than 1 year	Between 1-2 years	Between 2-3 years	More than 3 years	Total
Projects in progress	0.59	-	-	-	0.59
Projects temporarily suspended	-	-	-	-	-
Total	**0.59**	**-**	**-**	**-**	**0.59**

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Note 4: Other financial assets ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Non-current			
Unsecured considered good			
Security deposits, at amortised cost*	1.65	2.34	0.78
Total	**1.65**	**2.34**	**0.78**

*Security deposits are non-derivative financial assets and are refundable in cash.

Note 5: Other non-current assets (unsecured, considered good unless otherwise stated) ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Capital advances	0.08	0.18	-
Income tax paid in advance (net of provision)	4.03	8.73	5.30
Total	**4.11**	**8.91**	**5.30**

Note 6: Other current assets (unsecured, considered good unless otherwise stated) ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Current			
Balances with government authorities	87.04	12.15	3.72
Advances to vendors	6.56	4.83	1.67
Prepaid expenses	1.32	0.46	0.06
Total	**94.92**	**17.44**	**5.45**

Note 7: Inventories ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Raw materials and components (mainly includes electronic circuit boards)	23.40	19.10	8.61
(valued at lower of cost and net realisable value)			
Total	**23.40**	**19.10**	**8.61**

Note 8: Cash and cash equivalents ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
(a) Cash on hand $	0.00	0.02	0.01
(b) Balances with banks**:			
(i) In current accounts	18.35	3.62	5.22
(ii) In deposit accounts - with original maturity of less than 3 months	30.00	-	-
Total	**48.35**	**3.64**	**5.23**

$ Amount as at March 31, 2023 is below ₹ 0.01 million

**Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The Company has not availed any borrowing facilities from banks or financial institutions.

Note 10: Other current financial assets (Unsecured considered good unless otherwise stated) ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Interest accrued on deposits	0.05	-	-
Advances to employees	-	0.28	0.06
Total	**0.05**	**0.28**	**0.06**

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Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 9: Trade receivables ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Trade receivables			
Unsecured, considered good	64.38	33.28	12.44
Total	**64.38**	**33.28**	**12.44**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. No trade or other receivable are due from firms or private companies respectively in which any director is a partner. Trade receivables are non-interest bearing and are generally on terms of 45-60 days.

As at 31st March, 2023 ₹ in million

Particulars	Outstanding for the following periods from the due date						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables – considered good	37.98	26.40	-	-	-	-	64.38
Total	**37.98**	**26.40**	**-**	**-**	**-**	**-**	**64.38**

As at 31st March 2022 ₹ in million

Particulars	Outstanding for the following periods from the due date						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables – considered good	16.51	16.76	0.01	-	-	-	33.28
Total	**16.51**	**16.76**	**0.01**	-	**-**	**-**	**33.28**

As at April 01, 2021 ₹ in million

Particulars	Outstanding for the following periods from the due date						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables – considered good	3.04	8.52	0.88	-	-	-	12.44
Total	**3.04**	**8.52**	**0.88**	-	**-**	**-**	**12.44**

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Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 11: Equity share capital ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Authorised share capital			
5,00,000 equity shares of Rs. 1/- each (31st March, 2022: 1,00,000 of Rs. 1 each; 01st April, 2021: 1,00,000 of Rs. 1 each)	0.50	0.10	0.10
Total authorised share capital	**0.50**	**0.10**	**0.10**
Issued, subscribed and fully paid-up share capital			
1,37,007 equity shares of Rs. 1/- each (31st March, 2022: 1,00,000 of Rs. 1 each; 01st April, 2021: 1,00,000 of Rs. 1 each)	0.14	0.10	0.10
Total issued, subscribed and fully paid-up share capital	**0.14**	**0.10**	**0.10**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31st March, 2023		As at 31st March, 2022		As at 01st April, 2021	
	Amount	Nos.	Amount	Nos.	Amount	Nos.
Authorised shares						
At the beginning of the year	0.10	1,00,000	0.10	1,00,000	0.10	1,00,000
Issued during the year	0.40	4,00,000	-	-	-	-
Balance at the end of the year	**0.50**	**5,00,000**	**0.10**	**1,00,000**	**0.10**	**1,00,000**
Issued, subscribed and fully paid-up shares						
At the beginning of the year	0.10	1,00,000	0.10	1,00,000	0.10	1,00,000
Issued during the year	0.04	37,007	-	-	-	-
Outstanding at the end of the year	**0.14**	**1,37,007**	**0.10**	**1,00,000**	**0.10**	**1,00,000**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ ultimate holding company and/or their subsidiaries/associates

Particulars	As at 31st March, 2023		As at 31st March, 2022		As at 01st April, 2021	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Endurance Technologies Limited, the immediate holding company	69,873	51.00%	-	-	-	-
ION Energy, Inc.	-	-	99,998	100.00%	99,998	100.00%
					-	
	69,873	**100.00%**	**99,998**	**100.00%**	**99,998**	**100.00%**

(d) Shares held by holding Company

Particulars	As at 31st March, 2023		As at 31st March, 2022		As at 01st April, 2021	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
(Equity shares of Rs. 1 each fully paid)						
<u>Holding Company</u>						
Endurance Technologies Limited	69,873	51.00%	-	-	-	-
ION Energy, Inc.	-	-	99,998	100.00%	99,998	100.00%

(e) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2023		As at 31st March, 2022		As at 01st April, 2021	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
(Equity shares of Rs. 1 each fully paid)						
Endurance Technologies Limited	69,873	51.00%	-	-	-	-
ION Energy, Inc.	67,133	49.00%	99,998	100.00%	99,998	100.00%

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

(f) Details of shares held by promoters

As at 31st March, 2023

Name of the promoters	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares
Equity shares of Rs. 1 each fully paid				
ION Energy, Inc.	99,998	(32,865)	67,133	49.00%
Mr. Prakash Hiralal Panjwani	1	(1)	-	0.00%
Mr. Akhil Prakash Panjwani	1	-	1	0.00%
Endurance Technologies Limited*	-	69,873	69,873	51.00%
Total	**1,00,000**	**37,007**	**1,37,007**	**100.00%**

As at 31st March, 2022

Name of the promoters	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares
Equity shares of Rs. 1 each fully paid				
ION Energy, Inc.	99,998	-	99,998	100.00%
Mr. Prakash Hiralal Panjwani	1	-	1	0.00%
Mr. Akhil Prakash Panjwani	1	-	1	0.00%
Total	**1,00,000**	**-**	**1,00,000**	**100.00%**

The shareholding information is based on the legal ownership of shares and has been extracted from the records of the Company including register of shareholder/members. There are no shares reserved for issue under bonus, options, contracts/commitments for sale of shares/disinvestments.

* Endurance Technologies Limited has acquired 51% of the equity share capital of the Company on 1st July, 2022, through a combination of primary issuance and secondary purchase. Consequent to above, the Company has become a subsidiary of Endurance Technologies Limited with effect from the said date.

Note 12: Other equity

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Retained earnings			
Balance at the beginning of the year	(9.30)	3.07	0.54
Add: Loss for the year	(231.47)	(12.03)	2.53
Other comprehensive income for the year, net of tax	2.72	(0.34)	-
Balance at the close of the year	**(238.05)**	**(9.30)**	**3.07**
Securities premium			
Balance at the beginning of the year (refer note below)	-	-	-
Add: Addition during the year	714.97	-	-
Balance at the close of the year	**714.97**	**-**	**-**
Total	**476.92**	**(9.30)**	**3.07**

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

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Note 13: Provisions

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Non-current			
Provision for gratuity (refer note 30)	5.40	4.98	2.70
Total	**5.40**	**4.98**	**2.70**
Current			
Provision for gratuity (refer note 30)	0.22	0.09	0.00
Provision for compensated absences	0.60	-	-
Others			
Provision for warranty	0.15	-	-
Total	**0.97**	**0.09**	**0.00**

Provision for warranties: The Company gives warranties on certain products from the date of sale, for their satisfactory performance during the warranty period as per the contracts with buyers. Provision for warranty claims arising out of such obligation is made based on such warranty period.

Details of warranty provision

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022
Carrying amount as at 1st April	-	-
Provision made during the year	0.15	-
Amount paid / utilised during the year	-	-
Carrying amount as at 31st March	0.15	-

Note 14: Trade payables

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Unsecured and considered good			
Trade payables			
- Total outstanding dues of micro enterprises and small enterprises (refer note below)	0.64	1.17	0.44
- Total outstanding dues of creditors other than micro enterprises and small enterprises	87.06	38.51	7.55
Total	**87.70**	**39.68**	**7.99**

Trade payables ageing schedule

₹ in million

Particulars	Outstanding for following periods from due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	0.43	0.21	-	-	-	0.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	42.84	43.99	0.16	0.07	-	87.06
As at 31st March, 2023	**43.27**	**44.20**	**0.16**	**0.07**	**-**	**87.70**
Total outstanding dues of micro enterprises and small enterprises	-	1.17	-	-	-	1.17
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.21	36.97	1.33	-	-	38.51
As at 31st March, 2022	**0.21**	**38.14**	**1.33**	**-**	**-**	**39.68**
Total outstanding dues of micro enterprises and small enterprises	0.44	-	-	-	-	0.44
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	7.55	-	-	-	7.55
As at 01st April, 2021	**0.44**	**7.55**	**-**	**-**	**-**	**7.99**

There are no unbilled trade payables, hence the same are not disclosed in the ageing schedule.

The information required to be disclosed under the Micro, Small & Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the years is given below.

₹ in million

Particulars	**31 March, 2023**	**31st March, 2022**	**01st April, 2021**
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year. Principal amount due to micro and small enterprises	0.64	1.17	0.44
Interest due on above	0.01		-
(ii) The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.01	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-	-

Note 15: Other current financial liabilities ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Payables to employees*	5.90	8.43	6.31
Payable for property, plant and equipment	-	1.54	1.02
Total	**5.90**	**9.97**	**7.33**

*For details of balances outstanding and terms and conditions relating to related parties refer note 29.
Payables to employees are non interest bearing and are settled in the next month.

Note 16: Other current liabilities ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Statutory dues	3.84	2.41	1.04
Advance from customers	21.37	5.51	10.57
Other payables (refer note 29)	-	49.83	6.11
Deferred revenue (refer note 18)	6.00	9.00	12.00
Total	**31.21**	**66.75**	**29.72**

Note 17: Lease liabilities ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Non-current			
Lease liabilities	10.42	14.16	-
Total	**10.42**	**14.16**	**-**
Current			
Lease liabilities	5.23	4.98	1.10
Total	**5.23**	**4.98**	**1.10**

Lease liabilities disclosures as per Ind AS 116

₹ in million

Movement in lease liabilities	Amount rupees
Financial obligations for finance leases as at 01st April, 2021	1.10
Lease liabilities against leases previously classified as operating leases as at 01st April, 2021	-
As at 01st April, 2021	**1.10**
Add: Additions	20.71
Add: Accretion of interest	1.01
Less: Payments	3.68
As at 31st March, 2022	**19.14**
Add: Additions	-
Add: Accretion of interest	1.49
Less: Payments	4.98
As at 31st March, 2023	**15.65**
Non-current	10.42
Current	5.23
As at 31st March, 2022	**19.14**
Non-current	14.16
Current	4.98

The incremental borrowing rate considered for lease liabilities is at 9%.
Refer note 33 for maturity profile of lease liabilities

The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.

Note 18: Revenue from operations ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a. Revenue from contracts with customers		
- Sale of products and components	149.70	87.03
- Sale of services	43.53	79.79
- Sale of licenses	14.91	3.91
b. Other operating revenue		
- Export incentive #	0.34	0.69
Total	**208.48**	**171.42**

During the year ended 31st March, 2023, the Company has recognized INR 0.34 million (previous year INR 0.69 million) as export incentive under duty drawback scheme.

(a) Disaggregated information of revenue from contracts with customers

₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
- Within India	131.28	51.46
- Outside India	76.86	119.27

(b) Performance obligations

(i) Revenue from sale of products and components

The Company based on the underlying agreements has determined that the transfer of control to the customer and therefore revenue recognition, in regard to the domestic sales and export sales, generally corresponds to the date when the goods are dispatched from their point of sale, or when the goods are made available to the customer, or when the goods are released to the carrier responsible for transporting them to the customer. Export sales are recorded at the relevant exchange rates prevailing on the transaction date.

(ii) Revenue from sale of services

The Company provides product development and engineering sevices to its customers. Revenue from such services is accounted as and when such services are rendered.

(iii) Revenue from sale of licences

Revenue from sale of licences is recognised based on the terms of the contract with customer. Revenue from one time licence fees is recognised over the period of licence.

(c) The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
- Within one year	3.00	3.00
- More than one year	3.00	6.00
Total	**6.00**	**9.00**

Note 19: Other income ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a. Interest income		
i. Bank deposits	2.37	0.12
ii. Others	0.51	0.27
b. Other non operating income		
Excess provisions /creditors' balances written back	0.82	-
Indemnity fee*	-	23.00
Miscellaneous income	0.14	1.20
Total	**3.84**	**24.59**

* During the year ended 31st March, 2022, the company received INR 23.00 million as indemnity fee from one of its customer, upon non fullfilment of the terms of contract by the customer.

Note 20: Cost of raw materials and components consumed ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Opening stock	19.10	8.61
Add: Purchases of raw materials and components	130.78	75.73
Less: Closing stock	(23.40)	(19.10)
Total	**126.48**	**65.24**

Note 21: Employee benefits expense ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Salaries, wages and bonus	172.70	93.47
Gratuity expenses (Refer note 30)	4.18	2.03
Contribution to provident funds	2.47	1.62
Staff welfare expenses	1.96	0.98
Total	**181.32**	**98.10**

Note 22: Other expenses ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Research & development cost	2.94	3.84
Advertising and sales promotion	0.13	0.17
Information technology expense	6.82	1.15
Legal and professional fees (refer note 29)	29.38	19.42
Rent	0.39	-
Repairs and maintenance	0.74	0.70
Power, water and fuel charges	0.71	0.30
Commission and brokerage	-	0.33
Travelling and conveyance	11.03	6.05
Payments to auditor (refer note below)	1.18	0.16
Rates and taxes	2.53	0.55
Insurance expenses	1.63	0.32
Royalty expense (refer note 29)	1.92	-
Net loss on foreign currency transactions and translation	4.95	2.23
Loss on sale of property, plant and equipment/ PPE discarded (net)	0.02	0.01
Trade receivables and advances written off	1.10	-
Miscellaneous expenses	7.36	1.73
Total	**72.83**	**36.95**

*Refer note 29 for related party transaction.

Payments to auditor

As auditor:		
- Audit fee	1.13	0.16
- Out of pocket expense	0.05	-
Total	**1.18**	**0.16**

Note 23: Depreciation and amortisation expense ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Depreciation on property, plant and equipment as per note 3(i)	4.15	3.14
Depreciation on right of use assets as per note 3(ii)	4.40	3.53
Amortisation of intangible assets as per note 3 (iii)	48.80	2.28
Total	**57.35**	**8.95**

Note 24: Finance cost ₹ in million

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a. Interest expenses on		
Lease liabilities	2.28	1.01
b. Bank charges	0.54	0.19
Total	**2.82**	**1.20**

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 25: Earnings per share (EPS)

Basic and diluted EPS are calculated by dividing the profit for the year attributable to equity shareholders by weighted average no. of equity shares outstanding during the year.

Sr. no.	Particulars	From 01st April, 2022 to 31st March, 2023	From 01st April, 2021 to 31st March, 2022
i	Loss attributable to equity shareholders [Numerator for computing basic and diluted EPS] (₹ in million)	(231.47)	(12.03)
ii	Weighted average number of equity shares in computing basic and diluted EPS* (number in million)	0.13	0.10
iii	Basic/Diluted earnings/(loss) per share ₹ each	**(1,811.83)**	**(120.28)**

* There is only one type of equity share. Hence basic and diluted earnings per share are same.

Note 26: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful life of intellectual property

Useful life of Intellectual Property - The Company has considered useful life of intellectual property as 6 years based on internal technical assessment. The Company reviews the useful life of intellectual property at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Impairment of non financial asset

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget approved by the board of directors and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to intangible assets recognised by the company.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 30.

Leases (estimating the incremental borrowing rate)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right to use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Note 27: Capital and other commitments

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) as at 31st March, 2023 is Rs. Nil (31st March, 2022: Nil; 01st April,2021: Nil).

Note 28: Segment information

The Company's main activity is into business of development, assembly and selling of Battery Management Systems, related components and services for electric vehicles and / or energy storage systems which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 29: Related party disclosures

I Names of related parties and related party relationship where transactions have taken place during the year:

Nature of relationship	Name of Personnel
Immediate Holding Company	Endurance Technologies Limited (w.e.f 1st July,2022) ION Energy, Inc. (Till 30th June,2022)
Fellow subsidiary	Freemens SAS (Till 30th June,2022)
Key Management Personnel (KMP)	
Chairman	Mr. Sunil Vitthalrao Kolhe (w.e.f 1st July,2022)
Managing Director	Mr. Akhil Prakash Panjwani
Non-Executive Director	Mr. Prakash Panjwani (resigned w.e.f 30th June, 2022)
Executive Director	Mr. Alexandre Jacques Collet (w.e.f 1st July,2022)
Non-Executive Director	Mr. Jignesh Mahendrakumar Gandhi (w.e.f 1st July,2022)
Non-Executive Director	Mr. Subhashis Dhara Sharma (w.e.f 1st July,2022)
Chief Executive Officer	Mr. Vishwas V S (w.e.f 27th March, 2023)
Enterprises Owned or controlled by Key Management personnel and/or their Relatives	Masic Beauty LLP ION Energy Limited (w.e.f 1st July, 2022) Freemens SAS (w.e.f 1st July,2022)

II Transactions between the Company and its related parties:

₹ in million

Nature of transactions	Name of related party	During the year ended 31st March, 2023	During the year ended 31st March, 2022
Sale of services	ION Energy, Inc.	23.06	39.90
Payment of royalty	ION Energy, Inc.	1.92	0.00
Advance received against goods and services	ION Energy, Inc.	75.30	43.72
Repayment of advance received	ION Energy, Inc.	125.13	-
Remuneration#	Mr. Akhil Prakash Panjwani	8.58	6.70
Issue of equity shares	Endurance Technologies Limited	715.01	-
Purchase of intellectual property	ION Energy, Inc.	378.00	-
Non Compete Fees	Mr. Akhil Prakash Panjwani	1.90	-
Non Compete Fees	Mr. Alexandre Jacques Collet	2.50	-
Reimbursment of expenses received	Freemens S.A.S	3.04	-
Professional fees	Mr. Alexandre Jacques Collet	3.78	-
Payment of LTIP	Mr. Alexandre Jacques Collet	0.22	-
Purchase of goods	Masic Beauty LLP	0.04	-

III Outstanding balances :

₹ in million

Name of related party	Nature of Balance	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
ION Energy, Inc.	Advance from customers	-	49.83	6.11
Freeman SAS	Receivable	-	3.04	3.43
Mr. Akhil Prakash Panjwani	Remuneration#	-	0.42	1.13
Mr. Alexandre Jacques Collet	Professional fees	0.22	-	-

#Post employment benefits payable in the form of gratuity and in the form of compensated absences are calculated on the basis of actuarial valuation. Amount payable for individual employees as at 31st March, 2023 (31st March, 2022) cannot be separately identified and therefore has not been included in above. There are no termination benefits, share based payments given to Key Management Personnel.

Maxwell Energy Systems Private Limited

Notes to financial statements for the year ended 31st March, 2023

Note 30: Employee benefit obligation

The Company operates a defined benefit gratuity plan which is open to new entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

There are no minimum funding requirements for a gratuity plan in India. Thus the company gratuity is unfunded. The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Current service cost	3.83	1.85	1.18
Past Service Cost	-	-	-
Interest cost on benefit obligation	0.34	0.17	0.10
Net benefit expense	**4.18**	**2.03**	**1.28**

Balance sheet ₹ in million

Net Defined Benefit asset/ liability	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Present value of defined benefit obligation	5.62	5.07	2.71
Fair value of plan assets	-	-	-
Total Employee related Liabilities	**5.62**	**5.07**	**2.71**
Non-Current	5.40	4.98	2.70
Current	0.22	0.09	0.00

Changes in the present value of the defined benefit obligation are as follows: ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Defined benefit obligation at the beginning of the year	5.07	2.71	1.47
Current service cost	3.83	1.85	1.18
Past service costs	-	-	-
Interest cost	0.34	0.17	0.10
Benefits paid	-	-	-
Actuarial (gains) / losses on obligation	(3.63)	0.34	(0.05)
Closing defined benefit obligation	**5.62**	**5.07**	**2.71**

Net employee benefit expense recognised in the other comprehensive income (OCI): ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Actuarial (gains)/losses on Obligation for the period			
- Changes in financial assumption	0.23	(0.18)	0.05
- Change in demographic assumptions	(1.12)	0.00	(0.10)
- Experience variance	(2.74)	0.51	0.00
Net (Income)/expense for the period recognized in OCI	**(3.63)**	**0.34**	**(0.05)**

The principal assumptions used in determining gratuity obligation for the company's plans are shown below:

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Discount rate	7.30%	6.80%	6.40%
Expected rate of return on assets	NA	NA	NA
Employee turnover	25.00%	15.00%	15.00%
Salary Escalation rate (p.a.)			
For the first year	25.00%	15.00%	15.00%
For the balance years	15.00%	15.00%	15.00%
Retirement Age (years)	60 years	60 years	60 years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current period are as follows: ₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Gratuity			
Defined benefit obligation	5.62	5.07	2.71
Plan assets	-	-	-
Surplus / (deficit)	(5.62)	(5.07)	(2.71)
Experience adjustments on plan liabilities	-	-	-

Sensitivity analysis:

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at March 31, 2021
Discount rate sensitivity			
Increase by 1 %	5.37	4.66	2.48
Decrease by 1 %	5.88	5.53	2.97
Salary growth rate sensitivity			
Increase by 1 %	5.79	5.37	2.88
Decrease by 1 %	5.45	4.78	2.54

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Note 31: Deferred tax assets (net)

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Deferred tax liabilities			
On account of temporary differences in			
Property, plant and equipment and intangible assets	(11.91)	-	-
Total	**(11.91)**	**-**	**-**
Deferred tax assets			
On account of temporary differences in			
Business loss	9.88	1.87	
Property, plant and equipment and intangible assets	0.73	0.73	0.78
Expenses disallowed	1.31	1.31	0.71
Total	**11.91**	**3.90**	**1.49**
Net deferred tax assets	**-**	**3.90**	**1.49**

* The Company has incurred losses in current year as well as previous year. Accordingly, the company has not recognised net deferred tax asset ('DTA') during the year ended 31st March, 2023, on business losses and unabsorbed depreciation of INR 58.40 million due to absence of certainity of availability of future taxable profits for utilisation of DTA.

Reconciliation of deferred tax assets

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Opening balance	3.90	1.49	1.09
Deferred tax recorded in statement of profit and loss	(2.99)	2.41	0.41
Deferred tax recorded in OCI	(0.91)	-	-
Closing balance	**-**	**3.90**	**1.49**

Amounts on which deferred tax asset has not been created:

₹ in million

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
On Business loss and unabsorbed depreciation*	276.67	-	-
Total	**276.67**	**-**	**-**

* There is no timelimit to carry forward unabsorbed depreciation of Rs. 109.73 millions, as per income tax act, 1961. Further, business loss of Rs. 166.94 million can be carried forward for 8 assessment year and same will lapse in financial year 2030-31. Had the company, able to recognise deferred tax assets on all business losses and unabsorbed depreciation then the loss for the year would have decreased by Rs.69.63 million and equity would have increased by Rs. 69.63 million.

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Accounting profit before income tax	(228.48)	(14.44)
Computed income tax rate 25.168% (31st March, 2022 - 25.168%)	(57.50)	(3.63)
Deferred tax asset of previous year written off	(2.99)	-
Deferred tax asset not recognised	57.50	1.23
At the effective income tax rate	**2.99**	**(2.40)**
Income tax expenses reported in statement of profit and loss	**2.99**	**(2.41)**

Note 32: Financial risk management objectives and policies

The Company’s principal financial liabilities comprise trade and other payables, lease liability and other financial liabilities. The main purpose of these financial liabilities is to finance the Company’s operations. The Company's principal financial assets include trade and other receivables, cash and other financial assets that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The management reviews and agrees policies for managing each of these risks, which are summarised below. The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

(A) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to contractual terms. Credit risk encompasses, the risk of default, the risk of deterioration of creditworthiness of the counterparty as well as concentration of risks. Financial instruments that are subject to exposure to credit risk consist of trade receivables, bank balances and other financial assets. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from operating activities, primarily from trade receivables.

Trade receivables:

Trade receivables consist of receivables arising primarily due to sale of goods. These receivables are unsecured and mature at the end of a specified credit period depending upon the terms of contract of each customer, which ranges from 45-60 days for customers in India and 60-120 days for overseas customers. The Company’s customers primarily consist of Original Equipment Manufacturers (“OEM”).

The Company assesses the credit risk of its customers at the time of acceptance of the customer as well as on an ongoing basis. Before accepting any new customer, the Company uses an external/internal credit scoring system to assess the potential customer’s credit quality and defines credit limits by customer. The credit limit of these customers is continuously monitored and recalibrated based on the credit risk assessment. Most of the OEM’s have high credit ratings which helps the Company mitigate credit risk.

The Company assesses at each reporting date whether a trade receivable or a group of trade receivables is impaired. The Company recognizes lifetime expected credit losses for all trade receivables that do not constitute a financing transaction and which are due for more than six months. The expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company uses a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

The Company considers the trade receivables to have low risk of defaults since the customers have strong capacity to fulfil their obligations and even if there are adverse changes in economic and business conditions, the Company is of the view that it will not adversely affect the ability of the customers to fulfil their obligations.

The Company considers write-off of receivables on case to case basis, depending upon the circumstances of each delayed receivable, and when the Company is of the view that recovery seems unlikely after reasonable efforts.

(B) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds for short term operational needs. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 90-120 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all the financial liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31st March, 2023					
Lease liabilities	0.94	3.57	11.14	-	15.65
Trade payables	44.43	43.27	-	-	87.70
Other financial liabilities	5.90	-	-	-	5.90
Total	**51.26**	**46.85**	**11.14**	**-**	**109.25**
31st March, 2022					
Lease liabilities	0.80	2.69	15.65	-	19.14
Trade payables	39.68	-	-	-	39.68
Other financial liabilities	9.97	-	-	-	9.97
Total	**49.52**	**3.78**	**19.28**	**-**	**72.57**
01st April, 2021					
Lease liabilities	1.10	-	-	-	1.10
Trade payables	7.99	-	-	-	7.99
Other financial liabilities	7.33	-	-	-	7.33
Total	**16.43**	**-**	**-**	**-**	**16.43**

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.
The sensitivity analyses in the following sections relate to the position as at 31 March 2023, 31 March 2022 and 01 April 2021.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31st March 2023, 31st March 2022 and 01 April 2021.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax	Change in Euro rate	Effect on profit before tax
31st March, 2023	5%	(0.04)	5%	0.47
	-5%	0.04	-5%	-47%
31st March, 2022	5%	(2.50)	5%	5%
	-5%	2.50	-5%	-5%
01st April, 2021	4%	(0.35)	4%	-36%
	-4%	0.35	-4%	36%

Interest rate sensitivity

The Company does not have any borrowings. Therefore, any change in the market interest rates will not have any effect on profit or equity of the Company. Hence, sensitivity with respect to change in interest rates has not been given.

Note 33: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total fixed capital (equity) plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments.

Particulars	As at 31st March, 2023	As at 31st March, 2022	As at 01st April, 2021
Trade payables	87.70	39.68	7.99
Other financial liabilities	5.90	9.97	7.33
Less: Cash and cash equivalents	(48.35)	(3.64)	(5.23)
Net debt (A)	**45.25**	**46.02**	**10.10**
Equity share capital	0.14	0.10	0.10
Other equity	476.92	(9.30)	3.07
Total fixed capital (B)	**477.06**	**(9.20)**	**3.17**
Capital and net debt (A+B)	**522.30**	**36.81**	**13.26**
Gearing ratio (A/A+B)	9%	125%	76%

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2023, and year ended 31st March, 2022 and 01st April,2021.

Note 34: Foreign currency exposure that are not hedged by derivative instruments

Particulars	Currency	As at 31st March, 2023		As at 31st March, 2022	
		Foreign Currency Notional Amount (in million)	Rupees (in million)	Foreign Currency Notional Amount (in million)	Rupees (in million)
Trade Receivables	EUR	0.10	8.64	0.06	5.38
	USD	(0.01)	(0.88)	0.02	1.59
Trade Payable	EUR	0.00	(0.04)	0.00	0.04
	USD	(0.01)	(0.74)	0.01	0.57

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Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 35: First Time Adoption of Ind AS

These financial statements for the period ended 31st March, 2023 are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2022, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 ("Indian GAAP"), as amended.
The adoption was carried out in accordance with Ind AS 101 using Balance sheet as at 01st April, 2021 as the transition date. The transition was carried out from Indian GAAP, which was considered as the previous GAAP. All applicable Ind AS have been applied consistently and retrospectively, wherever, required. The resulting difference between the carrying amounts of the assets and liabilities in the financials statements under both Ind AS and Indian GAAP as of transition date are recognized directly in equity (retained earnings) at the date of transition to Ind AS.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ended on 31st March, 2023, together with the comparative period data as at and for the year ended 31st March, 2022, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01st April, 2021, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at 01st April, 2021 and the financial statements as at and for the year ended 31st March, 2022.

Exemption Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a) Deemed Cost

The Company has elected to continue with the carrying value of all its property, plant and equipment and intangible assets recognised as at 1st April, 2021 (transition date) measured as per the previous GAAP and the use that carrying value as its deemed cost as of the transition date.

b) Leases

The Company assessed all contracts existing at 01st April, 2021 to determine whether a contract contains a lease based upon the conditions in place as at 01st April, 2021. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 01st April, 2021. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 01st April, 2021. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to Ind As and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

c) Estimates

The estimates at 01st April, 2021 and at 31st March, 2022 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the items where application of previous GAAP did not require estimation. The Company has elected to apply changes in estimates prospectively from the date of transition to Ind AS in respect of allowance of doubtful debts and product warranty.

The Company has opted for applying Ind AS retrospectively with the cumulative effect at the date of initial application as an adjustment to opening balance of retained earnings.

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Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

A. Reconciliation of Equity as previously reported under previous GAAP (I GAAP) to Ind AS as at 01st April, 2021

₹ in million

Particulars	Note No.	As on 01st April, 2021		
		Previous GAAP	Effect of transition to Ind AS	Ind AS Balance sheet
ASSETS				
Non-current assets				
Property, plant and equipment	Note 1A	6.46	0.03	6.48
Intangible assets	Note 1B	5.17	0.04	5.20
Right-of-use assets	Note 2	-	0.97	0.96
Financial assets				-
- Other financial asset	Note 4		0.78	0.78
Other non-current asset	Note 4	6.10	(0.80)	5.30
Deferred tax assets (net)	Note 3	1.49		1.49
		19.22	**1.01**	**20.23**
Current assets				
Inventories		8.61	-	8.61
Financial assets		-	-	-
- Trade receivables		12.44	-	12.44
- Cash and cash equivalents		5.23	-	5.23
Other current assets		5.51	-	5.51
		31.80	**-**	**31.80**
Total assets		**51.01**	**1.01**	**52.02**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		0.10	-	0.10
Other equity				
- Retained earnings		3.15	(0.09)	3.07
Total Equity		**3.25**	**(0.09)**	**3.17**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Lease liabilities				
Provisions		2.70	-	2.70
		2.70	**-**	**2.70**
Current Liabilities				
Financial liabilities				
- Trade payables				
- total outstanding dues of micro enterprises and small enterprises		0.44	-	0.44
- total outstanding dues of creditors other than micro enterprises and small enterprises	Note 6	5.58	1.97	7.55
- Lease liabilities	Note 2	-	1.10	1.10
- Other financial liabilities	Note 6	-	7.33	7.33
Provisions		0.00	-	0.00
Other current liabilities	Note 6	39.02	(9.30)	29.72
		45.05	**1.10**	**46.15**
Total liabilities		47.76	1.10	48.85
Total equity and liabilities		**51.01**	**1.01**	**52.02**

* The previous GAAP figures have been regrouped/ reclassified as necessary for the purpose of this note.

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

B. Reconciliation of Equity as previously reported under previous GAAP (I GAAP) to Ind AS as at 31st March, 2022

₹ in million

Particulars	Note No.	Amount as per Previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	Note 1A	19.39	0.02	19.42
Intangible assets	Note 1B	4.39	0.01	4.39
Right-of-use assets	Note 2	-	18.71	18.71
Financial assets		-	-	-
- Other financial asset	Note 4	-	2.34	2.34
Other non-current asset	Note 4	11.74	(2.83)	8.91
Deferred tax assets (net)	Note 3	3.90	-	3.90
		39.43	**18.25**	**57.67**
Current assets				
Inventories		19.10	-	19.10
Financial assets				
- Trade receivables		33.28	-	33.28
- Cash and cash equivalents		3.64	-	3.64
Other current assets	Note 7	17.72		17.72
		73.74	**-**	**73.74**
Total assets		**113.16**	**18.25**	**131.41**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		0.10	-	0.10
Other equity				-
- Retained earnings		(4.90)	(4.40)	(9.30)
Total Equity		**(4.80)**	**(4.40)**	**(9.20)**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Lease liabilities	Note 2	-	14.16	14.16
Provisions		4.98	-	4.98
		4.98	**14.16**	**19.14**
Current Liabilities				
Financial liabilities				
- Trade payables				
- total outstanding dues of micro enterprises and small enterprises		1.17	-	1.17
- total outstanding dues of creditors other than micro enterprises and small enterprises	Note 6	29.77	8.74	38.51
- Lease liabilities	Note 2	-	4.98	4.98
- Other financial liabilities	Note 6	-	9.97	9.97
Provisions		0.09	-	0.09
Other current liabilities	Note 6	81.96	(15.21)	66.75
		112.98	**8.49**	**121.47**
Total liabilities		117.96	22.65	140.61
Total equity and liabilities		**113.16**	**18.25**	**131.41**

The accompanying notes are an integral part of the financial statements

* The previous GAAP figures have been regrouped/ reclassified as necessary for the purpose of this note.

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

C. Reconciliation of Statement of Profit and loss as previously reported under Previous GAAP (I GAAP) to Ind AS for the year ended 31st March, 2022

₹ in million

Particulars	Note No.	Amount as per Previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
INCOME				
Revenue from operations	Note 8	194.90	(23.47)	171.42
Other income	Note 4, 8	1.08	23.50	24.59
Total income (I)		**195.98**	**0.03**	**196.01**
EXPENSES				
Cost of raw materials & components consumed	Note 9, 10	75.50	0.23	75.73
Changes in stock of raw materials & components		(10.48)		(10.48)
Research & Development cost	Note 9	3.84	(3.84)	-
Employee benefit expenses	Note 5	97.73	0.37	98.10
Finance cost	Note 2	-	1.21	1.20
Depreciation and amortization expenses	Note 1A,1B	5.38	3.57	8.95
Other expenses	Note 9, 10	34.47	2.48	36.95
Total expenses (II)		**206.44**	**4.01**	**210.45**
(Loss) before tax (I) - (II)		**(10.46)**	**(3.98)**	**(14.44)**
Tax expense:				
Current tax				-
Deferred tax	Note 3	(2.41)		(2.41)
Total tax expense		**(2.41)**	**-**	**(2.41)**
(Loss) for the year		**(8.05)**	**(3.98)**	**(12.03)**
Other comprehensive income		-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent years:		-	-	-
-Re-measurement gains/(losses) on defined benefit plans		-	(0.34)	(0.34)
- Income tax effect		-	-	-
Other comprehensive income for the year, net of tax		**-**	**(0.34)**	**(0.34)**
Total comprehensive income for the year (comprising loss and other comprehensive income for the year)		**(8.05)**	**(4.32)**	**(12.36)**

* The previous GAAP figures have been regrouped/ reclassified as necessary for the purpose of this note.

Notes to reconciliation of equity as at 01st April, 2021 and 31st March, 2022 and profit or loss for the year ended 31st March, 2022

Note 1A: Adjustment in deemed cost of Property Plant and Equipment

The Company has elected to measure certain items of property, plant and equipment at fair value at the date of transition to Ind AS. The fair value of property plant and equipment has been determined by the company to be the carrying value as on 01st April, 2021, the date of transition to Ind AS. The impact for miscellaneous adjustment periods prior to 01st April, 2021 has been given in the opening retained earnings. Accordingly, the company has recognised depreciation write back of Rs. 0.04 million (31st March, 2022: Rs 0.01 million) which has been added to the carrying value of the property plant & equipment as on April 01, 2021. This impact of the above amounts has been recognised against retained earnings.

Note 1B: Intangible asset

The Company has elected to measure certain items of intangible assets at fair value at the date of transition to Ind AS. The fair value of intangible assets has been determined by the company to be the carrying value as on 01st April, 2021, the date of transition to Ind AS. The impact for miscellaneous adjustment periods prior to 01st April, 2021 has been given in the opening retained earnings. Accordingly, the company has recognised depreciation write back of Rs. 0.03 million (31st March, 2022: Rs 0.03 million) which has been added to the carrying value of the intangible assets as on April 01, 2021. This impact of the above amounts has been recognised against retained earnings.

Note 2: Leases

Under Previous GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS - 116 "Leases", a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Company recognised an increase of Rs. 1.10 million (31st March, 2022: Rs. 19.14 million) of lease liabilities and Rs. 0.97 million (31st March, 2022: Rs. 18.71 million) of right-of-use assets. Under Previous GAAP, lease payments related to assets under finance lease were recognised as expenses when incurred. Under Ind AS, assets under finance lease are presented in right-of-use assets. Additionally, depreciation increased by Rs. 3.57 million, rent expense decreased by Rs. 3.68 million and finance costs increased by Rs. 1.01 million for the year ended 31st March, 2022.

Note 3: Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach results in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. The Company has determined that since there are recurring losses, no (net) deferred tax asset has been recognised as at 01st April, 2021 and 31st March, 2022.

Note 4: Financial Assets - Security Deposits

Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is adjusted against right-of-use asset. Finance income, measured by the effective interest rate method is accrued. Consequent to this change, the amount of security deposits decreased by Rs. 0.02 million (31st March, 2022: Rs 0.49 million). The right-of-use increased by Rs.0.01 million as on 01st April, 2021. Total equity as on 01st April, 2021 was adjusted to give effect to the transaction. Consequently, finance income of Rs. 0.1 million was recognised for the year ended 31st March, 2022. Security deposit was shown under other non-current aseet in previous GAAP has regrouped to other financial aseet under Ind AS financial statements.

Note 5: Remeasurement of defined benefit plan obligations

Until March 31st, 2021, under the previous GAAP, the Company recognised gratuity expenses as per previous GAAP. On transition to Ind AS, the Company has recognised the defined benefit obligation on an actuarial basis in compliance with Ind AS 19. Consequent to the above change, as required by Ind AS – 8 "Accounting policies, changes in accounting estimates and errors, the Company has restated each of the affected financial statements line items for the comparative periods presented. The impact for periods prior to 01st April, 2021 has been given in the opening retained earnings. As a result, the company has reclassified re-measurement losses on defined benefit plans to other comprehensive income of Rs 0.34 million for the year ended 31st March, 2022.

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Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 6: Trade payables

For the purpose of Ind AS financial statements, certain amounts were reclassified among trade payables, other current liabilities, other financial liabilities based on the requirements of Ind AS. There is no change in the measurement of such amounts under Ind AS as compared to Indian GAAP. Trade payable for services received shown under other current liabilities has reclassified to trade payable as on 01st April, 2021 of Rs. 1.97 million (31st March, 2022: Rs. 5.23 million). Employee benefit expenses payable of Rs. 6.31 million (31st March, 2022: Rs. 8.43 million) and payable for property, plant and equipment of Rs. 1.02 million (31st March, 2022: Rs. 1.54 million) reclassified to other financial liabilities from other current liabilities.

Note 7: Non current asset

Under Indian GAAP, the company has shown capital advances of Rs. 0.18 million and advance income tax of Rs. 2.31 million under other current assets are regrouped to other non current asset in the Ind AS financial statements as on 31st March, 2022.

Note 8: Revenue from contracts with customers

For the purpose of Ind AS financial statements certain amounts were reclassified among revenue from contract with customers and other income, based on the requirements of Ind AS. Indeminity fees of Rs. 23 million and reimbursement income of Rs. 0.47 million shown under revenue in previous GAAP reclassified to other income in Ind AS financial statements.

Note 9: Other miscellaneous adjustment

Other miscellaneous adjustments represent regrouping/reclassification on account of appilcation of Ind AS.

Note 10: Other expenses

For the purpose of Ind AS financial statements research and development expenses of Rs. 3.84 million, handling fees of Rs. 0.01 million and profit on sale of asset of Rs. 0.12 million regrouped in other expenses. Employees training expenses amounting to Rs. 0.7 million regrouped to employee benefit expenses, Bank charges of Rs. 0.19 million regrouped to finance cost and rent expenses of Rs. 3.68 million eliminated against lease liability.

Note 11: Other comprehensive income

Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

Note 12: Statement of cash flows

The transition from earlier GAAP to Ind AS has not had a material impact on the statement of cash flows.

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Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 36: Ratio Analysis and its elements

Sr. No.	Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% Change	Reason for Variance
1	Current ratio	Current assets	Current liabilities	1.76	0.61	191%	During the year ended 31st March 2023, the Company raised funds through issue of equity shares o private placement basis which resulted in increase in cash and bank balance and there is also increase in current balances with government authorities as compared to previous year which resulted in improvement in current ratio.
2	Debt-equity ratio	Total debts	Average Shareholder's equity	NA	NA	NA	During the year, the Company does not have any long term as well as short term borrowings, hence this ratio is not applicable.
3	Debt service coverage ratio	Earnings for debt service : Net profit after taxes + Non-cash operating expenses	Debt service : Interest payments + Principal repayments	NA	NA	NA	During the year, the Company does not have any long term as well as short tem borrowings, hence this ratio is not applicable.
4	Return on equity ratio	Net profits/(loss) after taxes	Average Shareholder's equity	-99%	399%	-125%	During the year ended 31st March 2023, the Company raised funds through issue of equity shares on private placement basis which resulted in increase in average shareholders' equity hence there is change in the ratio.
5	Inventory turnover ratio	Cost of material consumed	Average Inventory	5.95	4.71	26%	During year ended 31st March,2023, there is optimal utilisation of inventory & quick turnover of inventory which ensured a higher inventory turnover ratio.
6	Trade receivables turnover ra	Net credit sales : Gross credit sales - sales return	Average trade receivable	4.27	7.50	-43%	During year ended 31st March 2023, the ratio reduced due to increase in the mix of product sales which enjoys greater credit period resulting in an increase in average trade receivables.
7	Trade payables turnover ratio	Cost of material consumed	Average trade payables	1.99	2.74	-27%	During year ended 31st March 2023, trade payables and cost of goods sold increased due to ramp up in production & better negotiating terms with suppliers for higher credit periods.
8	Net capital turnover ratio	Net sales : Total sales - sales return	Working capital : Current assets - Current liabilities	2.08	(3.59)	-158%	During year ended 31st March,2023, the Company raised funds through private placement of equity shares which resulted in increase in working capital in the form of cash and bank balance.
9	Net profit ratio	Net profit	Net Sales : Total sales -sales return	-111%	-7%	1482%	During year ended 31st March,2023, the net loss after tax increased due to significant increase in payroll costs and other expenditure on product development to build capabilities for future demand.
10	Return on capital employed	Profit before finance cost and taxes	Capital employed : Net worth	-47%	144%	-133%	Return on capital employed decreased due to increase in intangible assets as compared to previous year with no corresponding increase in profit before finance cost and taxes.
11	Return on investment	Interest on FD	Average FD	3.61%	1.2%	206%	Increase in overall ROI, is on account of increase in share capital by way of infusion through private placement, resulted in better management of working capital which resulted into better investment opportunity

Maxwell Energy Systems Private Limited
Notes to financial statements for the year ended 31st March, 2023

Note 37: Other statutory information

(i) The Company does not have any transactions or outstanding balances with the Companies struck off.
(ii) Company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any benami property.
(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
(v) The Company does not have any such transaction, which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income tax Act, 1961 (such as search, survey or any other relevant provisions of the Income Tax Act, 1961).
(vi) All the property, plant and equipment are in the name of the company.
(vii) There is no revaluation of Property, plant and equipment or right to use assets.
(viii) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Further, No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 38: Previous year comparatives

The comparative financial information for the year ended 31st March, 2022 and the transition date opening balance sheet as at 01st April, 2021 are based on the financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006/ Companies (Accounting Standards) Rules, 2021 which were audited by a firm of chartered accountants other than S R B C & CO LLP, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS.

As per our report of even date

For S R B C & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Maxwell Energy Systems Private Limited

sd/-	sd/-	sd/-	sd/-
per Mustafa Saleem	**Sunil V Kolhe**	**Akhil Panjwani**	**Vishwas V S**
Partner	Chairman	Managing Director	CEO
Membership no. 136969	DIN:09650178	DIN:03214205	ADDPV1188L
Place: Pune	Place: Pune	Place: Mumbai	Place: Bangalore
Date: 04th May, 2023	Date: 04th May, 2023	Date: 04th May, 2023	Date: 04th May, 2023

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