SOLUTIONS CAPITAL MANAGEMENT SIM S.P.A.

Consob Resolution no. 17202 of 2 March 2010 - Member of the National Guarantee Fund

Registered office in Milan - Via Gonzaga, 3

Resolved Share Capital euro 2,406,240, subscribed and paid-up euro 2,006,240

Registered with the Chamber of Commerce of MILAN

Tax Code and Company Register no. 06548800967

VAT number: 06548800967 - Rea (Economic and Administrative Index) no.: 1899233

REPORT ON OPERATIONS AS AT 31 DECEMBER 2021

Dear Shareholders,

the financial statements as at 31 December 2021, which we submit for your approval, closed with a loss of euro 271,199, compared to a loss of euro 139,479 in the previous year.

The Company prepared the Financial Statements in application of Italian Legislative Decree no. 38 of 28 February 2005 and according to the international accounting standards IAS/IFRS, as interpreted by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the European Union.

Macroeconomic scenario and Financial market performance

2021 was characterized by a widespread sentiment of economic and social recovery and saw the main economies get back on track to try to bridge part of the gap formed in 2020. The continuation of vaccination campaigns and the strong support of monetary and tax policies were reflected in a marked improvement in medium-term prospects, even though the resuming pandemic had an impact in the short term, especially in the services sector.

In the first quarter, solid growth was recorded in all the main equity indices, with the technological index underperforming the others, an event that had not occurred for some time. Starting from January, the governments of the main economies announced various plans to stimulate the economy, including the one launched by the new president of the United States a few months later. On the monetary front, the Federal Reserve supported the market through an accommodating policy with very low rates and was followed by the ECB, which kept the purchase program called PEPP active. In February, Europe saw the central role played by the Recovery Plan, with which an attempt was made to better structure the economic recovery, which was also positive in America with a push of the main lists to all-time highs. In March, the plan drawn up by the Biden administration was approved in the United States, which envisages a USD 1.9 trillion budget stimulus over the next ten years that is expected to boost gross domestic product by an estimated three percent.

Inflation was at the center of the monetary debate, first and foremost, in America where there was a consistent increase (2.6% at the end of the quarter), also deriving from the approval of the plan, according to analysts.

In the Eurozone, in spite of the economic activity having been affected by the new wave of contagions and despite a temporary increase in inflation, the outlook for prices remained weak. The European Central Bank decided to avoid a premature worsening of financial conditions and to increase the pace of purchases of securities as part of the pandemic emergency program.

On the government side, European rates were stable throughout the quarter, recording a modest growth in February. On the other hand, in America, interest rates moved by a greater extent, widening their spread and bringing yields on ten-year government bonds to 1.7%. In conclusion, it can be said that the monetary policy measures put in place have proved to be adequate to relaunch the economy.

The second quarter was characterized by a slowdown in the strength of the economic recovery. In America, the growing inflationary pressures resulted in attention being focused on the issue of rates, with the possibility of their rise, which had been so distant previously, always being discussed in economic debates. The sentiment linked to a possible rise in inflation led to a “flattening” of the rate curve, i.e. an upward movement on the short part and a downward movement on the long part. In April, there was a real rally of the US stock markets with the S&P 500 reaching more than 15 all-time highs, exceeding the threshold of 4,200.

In May, in the face of growing inflationary pressure, there was an increase in volatility and an accentuated noise on the financial markets, which started to grow again only at the end of the month, to reach record highs once again. The month of June also began with a correction of the stock market, given the new estimates on US inflation for 2021. The stock markets began to rise again at the end of the month and the US rate curve continued to decline, suggesting that the market was pricing in short-term and non-structural inflation. The market movements described above were also seen in Europe, albeit with some delay. The old continent, always lagging behind in the economic cycle and, consequently, in the inflationary cycle, has carefully followed what has happened in the United States in terms of interest rate dynamics. In conclusion, the second quarter consolidated what was created in the first quarter and the economic recovery continued to take place, even if in America it fuelled inflationary pressure, which was more pronounced on the currency front.

The third quarter was characterized by a slowdown in the strength of the economic recovery. In America, growing inflationary pressures consolidated, maintaining inflation levels above 5%. Despite the calm tones of the presidents of the ECB and FED, the first gradual reduction of the securities purchase plan was announced in September. In this quarter, in which inflation was the guiding focus of the markets, there was an unprecedented energy crisis in Europe. Russia’s tug-of-war over the concession of the new pipeline, together with various problems that arose in Northern Europe, meant that the price of Oil and Natural Gas reached historic highs since 2014. The US market, on the other hand, was guided by the second mandate of the Federal Reserve, i.e. the objective of full employment. In terms of performance, in July there was a risk off on equities caused by the increase in the US consumer price index (CPI) to 5.4%. After several reassurances, the equity sector corrected and the month closed at the initial levels. On the currency front, the dollar began to strengthen until the third week of the month when, due to the movement in rates, it returned to 1.19. The strong rebound, which began in July, continued throughout August, with US technology companies leading the way in equities. In September, the Evergrande case and the energy crisis in Europe created volatility, negatively affecting the entire equity segment. In conclusion, the third quarter on the stock markets was characterized by two periods: the former of growth, which continued in July and August, the latter of correction, in September. Despite the fact that the quarterly financial statements remained almost unchanged for the stock market and the bond market, the focus was more on the latter segment.

One of the many issues that characterized the fourth quarter of 2021 was the change of course in US monetary policy. In fact, the FED board admitted the unsustainability of the inflation level, which in the meantime went from 6.2% in October to 7.0% in December. The improved labour market figures contributed to the Central Bank's decision to envisage a triple rate hike for 2022.

Another issue that characterized the last quarter is undoubtedly the advent of the Omicron variant, which, in the face of new restrictive measures adopted by European countries such as Austria and Germany, generated volatility peaks. In these terms, despite the energy crisis and the shortage of stocks, European markets nonetheless generated a positive performance, recording a 5% increase in the Eurostoxx50 index in October.

In the last quarter, the US market was driven by inflation data, supported by news from the labour market. In this sense, the increase in inflation deriving from the real estate, automotive and energy sectors caused a collapse in real yields and determined negative real rates in November with an all-time low of -1.4%.

In this context, the movement recorded by the US interest rate curve put yields under pressure. In October and November, the curve experienced a "flat" movement, i.e. a rise in the short part (2Y) higher than that of the long part (10Y). The movement also continued in December but with the two maturities, 2Y and 10Y, in sync.

Also in Europe, October was the second best month of the year, generating a positive performance on the Eurostoxx50 index of 6%. The subsequent slowdown in November regarded the equity segment, in a context of strong yield adjustments, especially in the second half of the month.

The last month of the year was undoubtedly characterized by good optimism on the market. Despite the high levels of inflation, the stock market closed the year at its highest levels. On the bond front, rates continued to rise with the ten-year Bund close to zero.

In conclusion, the fourth quarter on the stock markets was characterized by strong growth, interrupted in November and resumed in December. The overall balance is undoubtedly positive for the stock market, while the bond segment inevitably suffered from the rise in interest rates in Europe and America.

Performance of the main equity indices

** Source: 'Bloomberg'*

As can be seen from the chart, despite the fact that 2021 was characterized by several crises - first and foremost the health one, followed by the energy crisis and finally the raw materials crisis - the main financial indexes do not seem to have been affected, recording new all-time highs and reporting a widely positive performance. Among these, the best were NASDAQ (+ 30.30%), S&P 500 (+ 30.94%) and CAC (+ 31.19%). The returns of the FTSE MIB index (+ 26.34%) and the DAX index (+ 15.72%) were also more lagging behind, though still positive.

Bond markets	2021	Yield
US HY in USD	5.28%	4.21%
Europe HY	3.43%	3.37%
US IG in USD	-1.04%	2.33%
Europe IG	-0.97%	0.52%
Gov EM in USD	-2.32%	4.85%
Gov EM in local currency	-1.59%	3.83%
EM corporate in USD	-2.96%	4.51%

Government rates	Beginning of the year	% change YTD
10yr Germany	-0.182	+39

Our returns PTF Lines Model	2021
PIR	44.30%
Chronos	26.71%
Aggressive	21.98%
Dynamic	19.18%
Revaluation	13.73%
Flexible	13.14%
Moderate	7.99%
High Yield	2.53%
Ladder	1.96%
Ladder USD	0.71%
Euro Coupon	1.97%

10yr Italy	1.170	+63
10yr Spain	0.563	+52
10yr Portugal	0.462	+44
10yr US	1.512	+60

SCM Stable Return SICAV	5.73%

2022 events

Unlike in previous years, the economic scenario is much more critical.

Europe, already in the midst of the energy crisis, with rising inflation resulting from the shortage of raw materials, is facing the uncertainties deriving from the outbreak of the Russia-Ukraine war.

On 22 February 2022, Russian President Putin obtained full powers over the military from parliament, without limits of time, place and for any type of military operation. Two days later, the offensive on the Ukrainian territories of the Russian troops began with the largest conventional military attack since the Second World War.

In the rest of the world, reactions were immediate and led to the application of the first sanctions against Russia. Following the Russian recognition of the Ukrainian regions of Donetsk and Luhansk and the Russian military aggression against Ukraine, the European Union reacted by adopting several packages of restrictive measures.

The first package includes targeted restrictive measures, restrictions on economic relations with areas not controlled by the government of the Donetsk and Luhansk regions and financial restrictions.

The second package includes individual sanctions against, among other things, Putin, Lavrov and the members of the Russian State Duma and economic sanctions.

The third package includes:

- sending equipment and supplies to the Ukrainian Armed Forces;
- a ban on overflight of EU airspace and access to EU airports by Russian carriers of all types;
- a ban on transactions with the Russian Central Bank;
- the blocking of access to SWIFT for seven Russian banks;
- the suspension of transmissions in the EU of the state media Russia Today and Sputnik;
- individual and economic sanctions against Belarus.

Following the exclusion of Russian banks from the SWIFT circuit by the EU, the United States, Great Britain and Canada, the ruble lost more than 20%. In response to sanctions and financial stress, the Russian Central Bank announced an increase in rates to 20% from the previous 9.5%.

The stock markets initially reacted to the flow of news coming from the front in a disorganized manner. Subsequently, they were largely influenced by the progress of negotiations between Russian and Ukrainian diplomats, who were supported by the mediation of other states such as Germany, France and Israel.

The President of the United States had to reassure the world about the approach to the conflict to avert the danger of a nuclear attack and reiterated, in the absence of further developments, an expansion of the sanction policy and the exclusion of an armed intervention by NATO forces.

The receding prospect of a larger-scale conflict and the impact of sanctioning measures on the various world economies, less burdensome than expected, have so far determined a positive reaction of the markets that has made it possible to recover part of the considerable gap formed since the beginning of the conflict.

Evolution of the regulatory context

ESG investments

In compliance with the development objectives, SCM intends to devote increasing attention to pursuing the sustainability of the investments subject to the services offered to its customers and, therefore, is engaged in the process of evaluating resources in terms of data collection and data use, with the support of IT applications that allow accurate mapping of environmental, social and governance factors using specific assessment scores.

SCM currently offers its customers, as part of investment management and advisory services, the possibility of investing in portfolios characterized by asset allocation that prefers ESG investments, broken down into various risk-return profiles to meet the different target markets, which are increasingly demanding in terms of sustainability assessments.

Given the extremely diversified universe of financial instruments, the Company decided to establish the asset allocation of lines oriented towards sustainable investments, mainly using asset management instruments (Funds, Sicavs and ETFs) and pursuing objectives of satisfaction of the target market requirements, certainty of the classification of financial instruments and simplification of the data acquisition process.

For the purposes of the ESG classification of asset management instruments and their positioning within the Investable Universe of the lines oriented towards sustainable investments, SCM uses, as the primary element for assessing investment sustainability, the indications reported in the communications, in the offer documents and in the material published by the product companies: the selection criteria will be fine-tuned in relation to future IT developments on applications, the quality of the information provided by the product factories future regulatory interventions. SCM considers the instruments that are "qualified" as ESG at various levels as belonging to the ESG Investable Universe. In this context, in any case, the instruments that do not appear in the offer documentation as products that comply with the provisions of art. 8 or art. 9 of Reg. 2088/2019 cannot be classified as such.

To this end, SCM adopts a process for the classification of financial instruments aimed at guaranteeing the correct indication of the investment lines categorized as sustainable. In particular, the process aimed at inclusion in the ESG Investable Universe envisages the participation of the various corporate bodies and structures involved, each of which is engaged in its own specific area of operating, consultation and control competence.

The operating method contemplating the holding of customers' liquidity and financial instruments.

On 11 October 2019, the stock brokerage company (SIM) filed a request to obtain the authorization to hold the liquidity and financial instruments of customers, and the new operating model “with holding” was authorized with Consob resolution no. 21465 of 29 July 2020.

The operating model, adopted at the end of 2020, was implemented in order to allow the customer to interface with a single intermediary (the SIM) which, in the “with holding” operating model, serves the dual role of manager and custodian of liquidity and of the financial instruments subject to the management service. The adoption of the omnibus account also allows for a lower incidence of transaction costs borne by the customer, taking into account that the custodian bank executes a single order in place of multiple orders on the accounts of individual end customers.

The operating method adopted by the SIM meets the requirements of immediate segregation since all transfers of cash and cash equivalents of customers are made exclusively by bank transfer made directly to the omnibus account.

The SIM has adopted internal procedures aimed at outlining the roles and responsibilities, within the company context and the reference outsourcers, regarding the deposit of customer assets at the omnibus accounts. To deal with the risks associated with the activities carried out, the SIM has implemented methods and tools for the mapping of these risks in the main business processes, arranging the control system over three levels:

- the first, the operational one, is carried out by the business areas and organizational units and takes the form of line controls;
- the second is entrusted to specific functions that have the task of controlling the risk management system (Risk Management Function), preventing the risk of non-compliance with regulations on the provision of services and controlling activities on the distribution network (Compliance Function) and combating money laundering and terrorist financing (Anti-money laundering Function);
- the third, internal audit, is aimed at identifying anomalous trends, violations of procedures and regulations as well as independently assessing the completeness, functionality and adequacy of the internal control system and procedures, assigned to the Internal Audit Function.

SCM identifies as the “Sole Manager for the protection of financial instruments and cash and cash equivalents of customers” the figure of the CFO, who supervises, on an ongoing basis, the accounting and related reconciliation of transactions on customer accounts.

Activities carried out and corporate situation

During 2021, the activities to strengthen the company information system and upgrade the IT infrastructure continued. Specifically, a substantial upgrade of the Internet bandwidth was carried out with the provider Colt; the services, the physical server of the Guardian service were enhanced; and new functions were added to the Data Warehouse and to the company's internal software (e.g. Intranet).

Business software

As planned, the development of new functions and new controls within the company Intranet continued. Two implementations are worthy of note:

1) a new system to control the company's internal processes, which allows the main steps of five fundamental company processes to be tracked while reducing the risk of anomalies and errors;

2) a series of reports and controls monitoring AML and MiFID 2 aspects.

The IT area has implemented new automations and new automatic controls for internal personnel and the sales network.

Data Warehouse

New insurance flows were integrated into the company information system (then transferred to SCM's own insurance consultation portal), and the integration of fee flows into the system began.

Two new databases (DWH Risk and Customers) were created with the aim of specializing certain information on Risk Management and Marketing. The Risk Management database, in particular, allows the automation of a series of ancillary controls, chosen by the SIM, on a daily basis and the historicization of asset data in a proprietary system. The Customer database, on the other hand, allows a simpler evaluation of customer information, in order to refine marketing activities and obtain new leads.

Guardian

2021 saw the development of the SCM holding service, with the consequent adjustment of the Asset Management Guardian software, provided by the Swiss company SWISS-REV SA.

In particular, a series of activities were carried out to enhance and personalize the service, including:

- Interfacing with the supplier Netech for the optimization of the AUI management;
- Finalization of the interfacing of flows and orders with Mediobanca;
- Interfacing with Banca Vontobel;
- New bank detail functions for the "Consolidated" portfolio service;
- Modifications to the Factsheets model;
- New function for completing the AML and MiFID 2 questionnaires at customer level;
- First phase of developments in preparation for the management of insurance in the system, with the aim of unifying the representation of data in a single interface;
- Interfacing with the new custodian bank, Finnat, in order to diversify the risk within the new operating model "with holding".

2021 also saw SCM, in collaboration with RED Software, provide the know-how for the creation of a web platform - for which the company holds the rights to the source code - aimed at automating one of its iconic products: the PFP - Personal Financial Plan.

The tool would allow the advisor to follow a guided path in the adoption of an all-round advisory method focusing on the customer and the family. The actions assessed and suggested are calibrated with respect to the gaps between the as-is and the to-be relating to the customer's family and financial situation, in order to guarantee the achievement of the objectives requested by the customer.

In particular, the system makes it possible to:

- Create a family map of the customer;
- Create an asset map;
- Map the risks;
- Prepare a family budget;
- Map and evaluate the issue of succession;
- Define Goals;
- Define a gap analysis;
- Create a personalized document that collects the points listed above and suggests the actions to be taken to achieve the set objectives.

Finally, after the summer, the company's new corporate website was released, which has undergone a profound restyling in terms of aesthetics and content.

Asset management

The year 2021 was decidedly volatile and quite particular due to the well-known events that characterized it. Nonetheless, asset management recorded a largely positive performance at all levels.

During the year, a number of issues occurred, but the focus remained on the health emergency and vaccination campaigns. In parallel, starting from the second half of 2021, strong economic growth and a shortage of raw materials began to push inflation to levels above 5%.

In the last quarter, inflation levels of 7% in America and 5% in Europe led to a rise in the rate curves and caused pressure on the entire bond segment.

On the Asian front, the income redistribution policies initiated by the Chinese government have given rise to a period of strong pressure on the financial markets. The new direction of Beijing, together with the crisis of the second Chinese real estate giant Evergrande, led to a loss of more than 15 percentage points for the Hong Kong's Hang Seng index.

The performance of the financial markets was positive, despite the various problems that occurred during the year. The equity-based portfolios, thanks to good geographical and sector diversification, managed to generate performances above the reference benchmarks. Among the markets that performed best in 2021, there is undoubtedly the US market which, supported by strong internal growth and positive data on the labour market, generated a positive return on the S&P 500 index of 28.7%. Although different, Europe also saw the stock market grow by more than 20 percentage points, and the best markets were Paris (+ 31%) and Milan (+ 26%).

Inflation also put pressure on the bond sector, which moved early, discounting future moves by central banks. Despite the movement of the government rate curves, our lines recorded a positive performance, especially thanks to the hedging transactions on exchange rates and rates carried out through the SCM Stable Return SICAV.

With reference to the Maltese SICAV established in 2017, managed under delegation by SCM SIM, it is noted that it is currently used as part of the asset management service, with the investment limit determined in the context of the Product Governance Policy adopted by the Company.

In relation to the issue of conflicts of interest, note that SCM SIM manages conflicts of interest and uses a special class, without retrocessions, in order to avoid double charging.

It should be noted that the use of the SICAV produces an advantage for the customer that consists in the use of a collective investment scheme, characterized by a high degree of transparency, in which the composition of the portfolios is constantly accessible to customers.

Commercial activity

In 2021 commercial activities were also affected by a factor of macroeconomic instability related to the continuation, albeit to a lesser extent, of Covid-19, which continued to affect the global prospects of future growth, influencing the general macroeconomic framework and indirectly the area of activity in which SCM operates.

The resurgence of the pandemic between January and April, particularly intense in the European Union and the United States, and the increase in infections starting from November with the Omicron variant, led to the consequent strengthening of containment measures in many countries, albeit in general with a lower intensity than that of Spring 2020. In fact, the first and fourth quarters of 2021, which physiologically are high-profitability quarters, were the periods when the pandemic "slowed down" the activity of financial advisors, first due to harsh lockdowns and then with the resumption of restrictions, thus impacting the operating result of the SIM.

In 2021, commercial activities focused on three main areas:

1. **Management of the former Pramerica network.**

   The refocusing of the advisors acquired from the Pramerica Life spin-off proved to be more complex than expected. With the sale of the products of the life company ceasing, a distribution gap opened in the commercial offer addressed to the life advisors. For the first 5 months of the year, this generated a reversal of the trend of the total turnover of this group of professionals compared to 2020. The absence of a dedicated commercial proposition was overcome, as from May, with the start of the marketing of a new Single Premium and Recurring class III United Linked policy. The product, built and designed in partnership with Nobis Vita S.p.A., under management delegation with SCM, contributed to reviving, albeit slowly, the productive contribution of former Pramerica advisors, but also of the financial advisors in operation. This solution also played a role in the process of conversion from "insurers" to financial advisors, helping them to become aware of a different offer, more financial but also insurance-based, leading them to independently enrol in the examination to qualify and register in the OCF (financial advisors' supervisor) Register.

2. **Network organization.**

   From the beginning of September, the distribution structure was redesigned with a view to supporting the network. Two managers (Milan and Rome) were appointed with the aim of guiding, training and motivating the SIM advisors assigned to their coordination. The organization envisages weekly meetings, insights into SCM's multiple advisory services, regular on-the-job training with leads or customers, the creation of commercial itineraries and the exchange of best practices.

3. **Increase in the number of SCM advisors.**

   During 2021, SCM began to invest continuously in the recruitment of new advisors from competitors. Agreements were signed with a specialized company and two freelancers. Three new financial advisors were hired.

   SCM tends to recruit mainly financial advisors with significant experience in their profession, gained in competitor companies or in the commercial activities of banks; the selection process created is accurate and envisages the involvement of Managers up to the CEO of the SIM. In addition to previous professional experience, training and references collected on the market are also assessed.

   The recruitment and selection process is not a simple one and the returns are not immediate, but we are confident that it will bring the planned outcomes from 2022. Growth by external lines remains a milestone to achieve the forecast objectives of the budget plan.

OTHER ACTIVITIES AND DISTRIBUTION SUPPORT

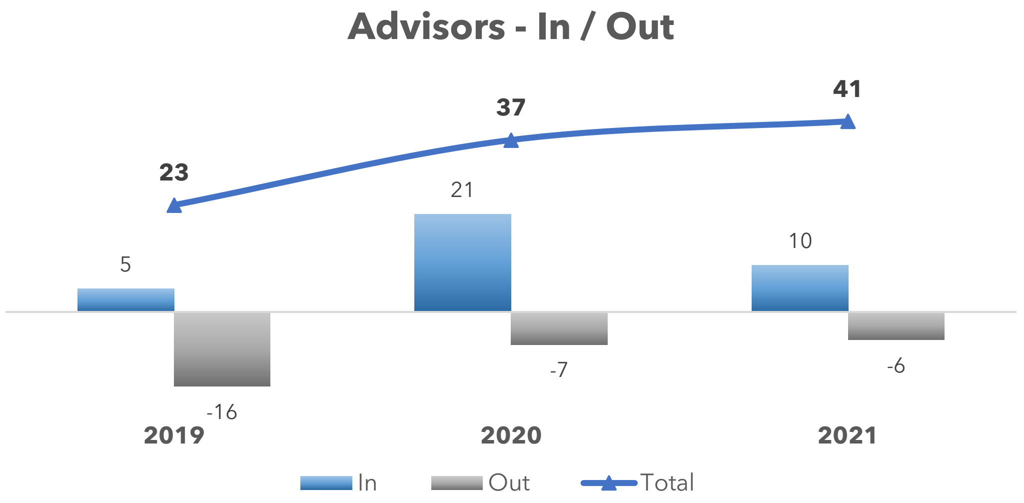
In January 2021, the asset management line was created, due to the tax advantages envisaged for the Alternative Individual Savings Plan (PIR). The new service, focused on Italian SMEs, was implemented with the advice of Bayes Investments Ltd., advisor specialized in the segment. Subsequently, a single premium insurance policy was created with Nobis Vita S.p.A., with the same underlying. During the year, starting from February, SCM's capacity for innovation was mainly focused on the offer of instruments oriented on investments on the real economy and on ESG issues. These choices were consistent with the conviction of having to play a role in orientating household savings towards productive activities and with a market situation that was struggling to provide attractive returns to investors with fixed income. At the end of the year, the three new ESG investment lines were presented, which aim to generate long-term capital growth through exposure to companies, able to provide environmental solutions, with the aim of producing impactful returns through a bottom-up approach, analysing environmental, social and governance practices. The year 2021 therefore confirmed that one of the founding characteristics of SCM is the continuous search for innovative formulas in investment services, i.e. the ability to seek new ways to provide customers with a quality service. Another strong point is the integration between management and distribution activities: management and distribution being core activities for the SIM operate in close synergy. The product design, management and advisory functions are part of the same process, which has customer satisfaction as its ultimate goal.

Training has always been a fundamental development driver that allows financial advisors to acquire and develop the skills required to meet the multiple and complex needs of customers in a context in which advice must be provided to assets as a whole. Therefore, in 2021, considerable attention was paid to developing ad hoc training courses according to the characteristics of the financial advisors and the new requests that emerge from the market and the context in which they operate. During the year, more than 1,500 man-hours of training were provided by professionals in the sector and leading training companies. During 2022, a training route and schedule calendar will be provided to the distribution network at the beginning of the year.

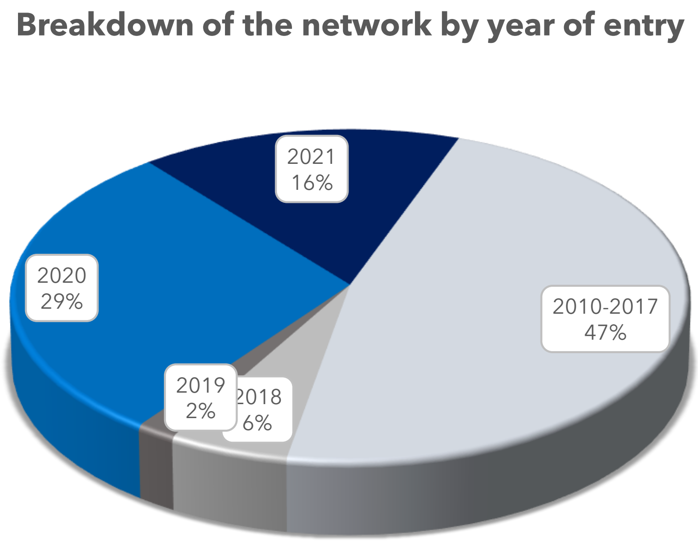
Operating data

As at 31 December 2021, the company's sales network consisted of 41 advisors, of which 27 financial advisors and 14 insurance advisors.

The chart below shows the trend of the network and the number of advisors who joined and left in the last three years.



An important figure in the field of sales networks concerns their seniority since turnover largely depends on it. As can be seen in the chart below, which shows the breakdown of the network by year of entry, 64% of current advisors joined the network in the last 3 years.



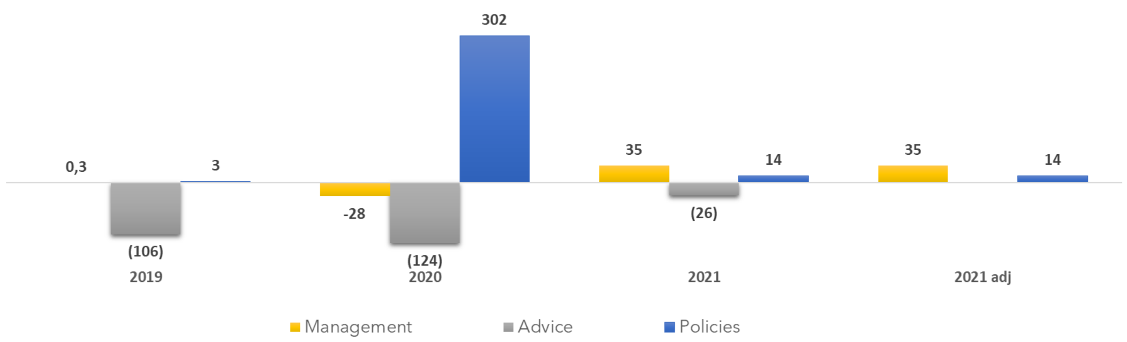
In the year 2021, net inflows of more than euro 23 million were recorded. The most important change concerned the asset management segment with a positive result of more than euro 35 million. The insurance segment also recorded an excellent result with positive deposits of over euro 14 million, largely determined by the distribution of class III products of the insurance company Nobis.

On the other hand, deposits were negative in terms of advisory services (MiFID and generic) by approximately euro 26 million.

The following table shows the trend of deposits in the last three years.

NET DEPOSITS (€. 000)	2019	2020	2021	2021 adj *
Management	297	(27,821)	35,495	35,495
Advice	(105,539)	(123,822)	(26,352)	25,670
Policies	2,628	302,205	14,192	14,192
TOTAL	**(102,614)**	**150,562**	**23,336**	**75,357**

** During 2021, inactive MiFID and generic advisory accounts were terminated, which resulted in negative deposits of approximately euro 52 million. Without considering this change, total net deposits would have been positive by approximately euro 75 million.*



As at 31 December 2021, total assets amounted to approximately euro **959** million.

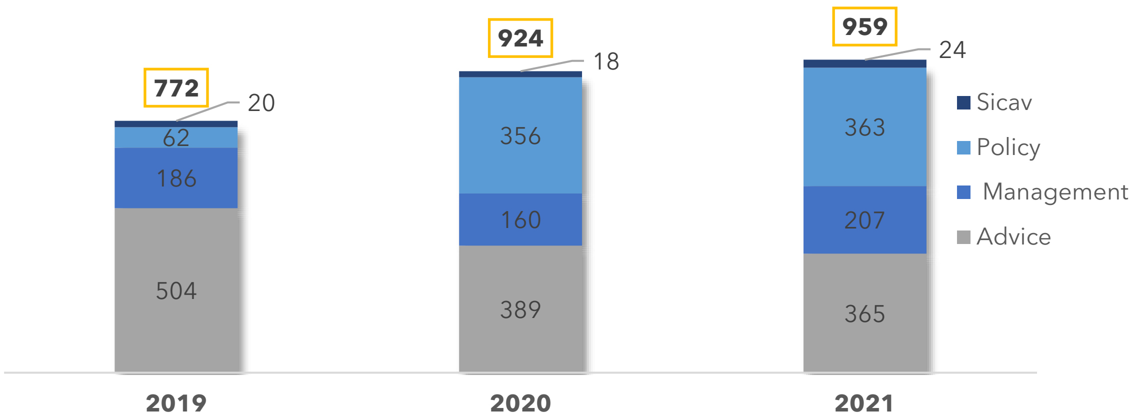
In particular, assets under management totalled euro **207** million, investment advisory totalled euro **148** million and generic advisory totalled euro **217** million.

The following table and the graph show the evolution.

ASSET UNDER CONTROL (€. 000)	2019	2020	2021
Management	186,063	160,052	206,973
Advice	503,839	389,430	365,089
Policies	61,939	356,186	362,680
SICAV*	19,748	17,980	24,179
TOTAL	**771,589**	**923,648**	**958,921**

** The SCM Stable Return Sicav is used as part of the portfolio management service.*

Assets trend (€ m)



Business model

The SCM SIM business model is based on the fundamental contribution of financial and insurance advisors, whose development in terms of recruiting and customer portfolio quality is closely linked to the increase in assets under management and advice of the SIM and on the selection of customer targets consistent with the Company's business; the typical customer the offer of SIM services is addressed to in fact has an average capital of more than euro 1 million.

The SCM business model is based on the offer of the following services:

a) *portfolio management service* with the offer of different management lines adapted to the customer risk profile and needs; the service, inherited from the best Anglo-Saxon tradition, mandates the management of SCM on individual current accounts in the name of the customer, guaranteeing transparency and maximum security for cross-checking between SIM and Bank; obtaining the authorization to hold the liquidity and financial instruments of customers made it possible to further rationalize the relationship with the customer with regard to the provision of the portfolio management service and the reduction of costs borne by it. In this regard, note that the aforementioned operating method allows the customer to interface with a single intermediary (the SIM), which serves the dual role of manager and custodian of the liquidity and financial instruments subject to the management service;

b) *investment advisory service, which consists in providing* personalized recommendations to the customer, exclusively on the initiative of the SIM through the Investments Area (so-called active advisory), regarding one or more transactions relating to a specific financial instrument or financial product, or with regard to a specific investment service; the selection of securities is made by the Investments Area, which transmits the portfolio to the customer, who has the freedom to transmit the order in full to its bank or to execute only a part of it;

c) *generic advisory service* regarding financial advisory that does not provide for personalized recommendations and is expressed in activities such as portfolio risk assessment, calculation of the VAR, the Asset Allocation of a portfolio by geographical area or by business segment and the consequent preparation of multi-year investment plans by defining only the allocation strategies, exclusively at the level of type of financial instruments;

d) *placement service*, with no irrevocable commitment to the issuer, carried out in compliance with the adequacy assessment;

e) *an accessory service for the Distribution of Insurance Products,* with the aim of optimizing the products and services offered to customers. The distribution, by the Company and the relative employees entered in section “E” of the Single Register of Insurance Intermediaries, is carried out solely with reference to the placement of standardized insurance contracts.

SCM SIM aims to provide its customers, as part of generic advisory, also through partnerships with specialized professionals, with the following range of services, with the aim of retaining existing customers and, strategically, attracting new and qualified customers:

- assistance and advice to businesses on financial structure, business strategy and related issues;
- support for M&A activities and extraordinary transactions;
- pension advice to optimize solutions for the retirement phase;
- advice and planning of generational handover.

Analysis of the main financial statement items

The company closed the 2021 financial statements with a negative result of euro 271,199 which, despite the particular situation caused by the emergency that characterized last year, shows a limited deviation from what was forecast at the planning stage.

The result is determined, first of all, by the performance of fee and **commission income**, which exceeded euro **6.34** million, also thanks to the contribution of performance fees, which accounted for around euro 2 million. The amount of fee and commission income is 15% higher than the previous year, with a particularly positive result for asset management. Their contribution increased by 15% compared to the previous period, while there was a reduction in revenues from other services provided. In particular, with regard to insurance, which recorded excellent results following the distribution of class III products of the insurance company Nobis, there was a decrease in revenues resulting from the conclusion of the collaboration with Eurovita at the end of 2020.
A lower result compared to the previous period was also recorded in the field of advice, in particular in the so-called generic one (-39%), mainly due to the failure to define a series of activities (e.g. club deals), difficult to manage with the extended containment measures adopted to deal with the pandemic emergency.

Fee and **commission expenses**, which ranged from euro 2.32 million in 2020 to euro **2.44** million in 2021, underwent a slight change (+ 5%), to a lesser extent than the change recorded in the area of fee and commission income, confirming the attention paid to maintaining the payout (average percentage of retrocession on turnover to the sales network), but also to the composition of revenues that include a significant portion of performance fee, which are retroceded to a much lower extent to the sales network.

Net interest and other banking income, which exceeded euro **3.85** million, grew by approximately euro 674 thousand compared to the previous year (+21%) as a result of the trend in the commission margin and the average retrocession to the sales network.

Operating costs, amounting to euro **3.76** million, recorded an increase (+14%) compared to the previous year. In particular, as regards personnel costs, there was a 14% increase, due in part to the consolidation of the sales structure with the entry of financial advisors hired as employees.

Other administrative expenses recorded a 17% increase, mainly due to the resumption of the activities that had been stopped in the previous period due to the pandemic emergency.

Lastly, with regard to the valuation of financial assets at amortized cost, old non-payable positions were cleared and the bad debt provision was reconstituted in accordance with the accounting standards currently in force, which require receivables to be classified by correct risk weighting.

Income Statement

	2020	2021	Change	% change
Result of sale / purchase	**0**	**(152)**	**(152)**	**na**
Interest margin	**(27,815)**	**(39,029)**	**(11,214)**	**40%**
Commission income	**5,528,933**	**6,340,430**	**811,497**	**15%**
Advice	1,010,640	928,722	*(81,918)*	*-8%*
Generic	767,299	471,158	*(296,142)*	*-39%*
Management	1,525,446	1,756,539	*231,094*	*15%*
Insurance	1,584,766	1,191,488	*(393,279)*	*-25%*
Performance	640,782	1,992,523	*1,351,741*	*211%*
Fee and commission expense	**(2,319,662)**	**(2,445,826)**	**(126,164)**	**5%**
Advice	(393,475)	(322,171)	71,304	-18%
Generic	(68,129)	(201,512)	(133,383)	196%
Management	(596,380)	(681,583)	(85,203)	14%
Insurance	(1,143,009)	(888,845)	254,164	-22%
Performance	(118,669)	(351,714)	(233,045)	196%
Net fee and commission income	**3,209,271**	**3,894,604**	**685,333**	**21%**
Payout %	*-42%*	*-39%*		
Net interest and other banking income	**3,181,456**	**3,855,424**	**673,967**	**21%**
Personnel costs	**(1,682,169)**	**(1,910,834)**	**(228,664)**	**14%**
of which Directors and Statutory Auditors	(207,608)	(213,934)	(6,326)	3%
of which Employees	(1,474,561)	(1,696,900)	(222,339)	15%
Other operating costs	**(1,458,869)**	**(1,700,270)**	**(241,400)**	**17%**
Non-deductible VAT	**(153,655)**	**(150,809)**	**2,846**	**-2%**
Total operating costs	**(3,294,693)**	**(3,761,912)**	**(467,219)**	**14%**
Cost Income %	**104%**	**98%**		
EBITDA	**(113,237)**	**93,512**	**206,749**	**-183%**
Financial assets measured at amortized cost	**(30,172)**	**(82,932)**	**(52,760)**	**175%**
Amortization and depreciation	**(282,100)**	**(321,249)**	**(39,149)**	**14%**
Tangible	(252,951)	(288,104)	*(35,153)*	*14%*
Intangible	(29,149)	(33,145)	*(3,996)*	*14%*
EBIT	**(425,509)**	**(310,669)**	**114,840**	**-27%**
Other income and expenses	**266,006**	**43,526**	**(222,480)**	**-84%**
EBT	**(159,503)**	**(267,143)**	**(107,640)**	**67%**
Taxes	**20,024**	**(4,056)**	*(24,080)*	*na*
Result	**(139,479)**	**(271,199)**	**(131,720)**	**94%**

The composition of the Balance Sheet shows assets mainly characterized by loans to customers for fees to be collected, mostly relating to revenues in the last quarter.
Compared to the previous year, the main changes include loans that decreased significantly thanks to the regular collections recorded in 2021 (-23%).
In particular, approximately two-thirds of trade receivables, amounting to euro 1.6 million, relate to fees deriving from the company's core services, accrued at the end of the year and collected in the first few months of 2022. The remainder concerns receivables for fees on generic advisory services, whose return is normally slower than ordinary services and, only minimally, positions on which the company is working for recovery.
The liquidity position with banks decreased by 18% compared to the previous year, standing at just under euro 600 thousand, while on the other hand there was an increase in advances paid to financial advisors from euro 167 thousand to euro 203 thousand.
As regards fixed assets, the weight of materials increased considerably only due to the application of the IFRS accounting standards, which require that the total cost of lease and rental contracts be charged at renewal. Intangible assets, on the other hand, contain new software developments in which the company continuously invests to ensure the efficiency of its operations and the IT system.
In the liabilities, there was a slight reduction in shareholders' equity deriving from the negative economic result recorded in the period.
In relation to payables, there was a significant increase compared to the previous year due solely to the entry of the liability linked to lease agreements as a counter-entry to the asset, in application of IFRS 16; on the other hand, there was a reduction in the portion of invoices to be received for commission expense pertaining to the last part of the year.

Balance Sheet

ASSETS	2020	2021	Change	% change
Cash	**345**	**121**	**(225)**	**-65%**
Receivables	**3,169,691**	**2,441,167**	**(728,524)**	**-23%**
Receivables from banks	*730,809*	*598,879*	*(131,930)*	*-18%*
Trade receivables	*2,271,681*	*1,638,753*	*(632,928)*	*-28%*
Receivables from financial advisors	*167,200*	*203,535*	*36,334*	*22%*
Fixed assets	**654,557**	**1,240,792**	**586,236**	**90%**
of which tangible	*589,143*	*1,116,989*	*527,846*	*90%*
of which intangible	*65,413*	*123,804*	*58,390*	*89%*
Tax assets	**938,206**	**899,907**	**(38,299)**	**-4%**
Current	*113,788*	*72,584*	*(41,204)*	*-36%*
Prepaid	*824,418*	*827,323*	*2,905*	*0%*
Other assets	**365,838**	**611,715**	**245,877**	**67%**
TOTAL ASSETS	**5,128,637**	**5,193,702**	**65,065**	**1%**

LIABILITIES	2020	2021	Change	% change
Capital	2,006,240	2,006,240	0	0%
Share premium accounts	1,215,582	1,076,103	(139,479)	-11%
Reserves	212,790	212,790	0	0%
Valuation reserves	-40,967	-54,880	(13,913)	34%
Profit (loss) for the year	-139,479	-271,199	(131,720)	94%
Shareholders' Equity	**3,254,166**	**2,969,054**	**(285,112)**	**-9%**
Payables	**1,036,583**	**1,435,676**	**399,093**	**39%**
of which to Financial Advisors	*506,563*	*358,021*	*(148,542)*	*-29%*
of which Financial liabilities measured at amortized cost	*527,028*	*1,075,748*	*548,719*	*104%*
of which to financial institutions	*2,992*	*1,907*	*(1,084)*	*-36%*
Tax liabilities	2,661	2,661	0	0%
Other liabilities	672,616	588,663	(83,953)	-12%
Employee severance indemnity	162,612	197,649	35,037	22%
Total payables	**1,874,471**	**2,224,648**	**350,177**	**19%**
TOTAL LIABILITIES AND NE	**5,128,637**	**5,193,702**	**65,065**	**1%**

Internal controls

The Company has established a system of internal controls that is suitable to ensure sound and prudent management, the containment of risk and capital stability as well as a correct and transparent conduct in the provision of services.

In particular, the control system is organized as follows:

a. *the first level*, consisting of line controls, is supervised by the employees of the various Company Areas and by the relevant Managers who, in carrying out the tasks assigned to them, verify the correctness of conduct in accordance with company procedures;
b. *second level,* in which the Compliance Function (responsibility assigned to Attorney Alberto Vercellati, company employee) and the *Risk Management* Function (*outsourced* to Mr. Giancarlo Somaschini) can be found;
c. *third level,* which is handled by the Internal Audit Function (entrusted to Studio Atrigna & Partners, in the person of Mr. Giovanni Malpighi).

In addition to the meetings that the individual Control Functions organize in order to exchange information and assessments in relation to their own area of competence, the SIM, in order to make its audit and monitoring activities constant, effective and efficient, defines a schedule of formal meetings between all control functions (including the members of the Board of Statutory Auditors and the independent auditors). The purpose of these meetings is to make the exchange of information between the internal control functions effective and continuous, while respecting the relevant autonomy, reciprocal roles and responsibilities, and in addition to the institutional information flows required by the reference regulations and internal procedures.

Information on financial risks

The Board of Directors of the Company, as required by the risk management policy and in line with the provisions of the reference regulations of the Bank of Italy, analysed the information on this matter, produced by the Risk Management department in order to consider the requirements relating to the internal capital adequacy assessment process and the risk assessment process and to indicate the appropriate guidelines.
The Directors' assessment is carried out on the basis of risk analysis and assessment as set forth in Regulation 2019/2033 (IFR) with reference to:

□ Capital requirements

With the entry into force of the new European regulatory framework for investment companies, the Company, based on its class (class 2), must have, as the minimum limit of own funds to be held, the higher of the following elements:

- minimum capital requirement (in our case equal to euro 1 million);
- 25% of fixed overheads;
- requirement deriving from the calculation of the so-called K factors given by the sum of a series of elements envisaged to cover the various types of risk based on the activity carried out.

The elements relevant to the company are listed below:

- **"Assets under management" or "AUM"**: the value of the assets that an investment firm manages for its clients as part of discretionary portfolio management agreements and non-discretionary agreements that constitute ongoing investment advice measured in accordance with article 17 is less than euro 1.2 billion;
- **"client money held" or "CMH"**: the amount of client money held by an investment firm, taking into account the legal provisions relating to the separation of assets and regardless of the national accounting regulations applicable to client money held by the investment firm;
- **"assets safeguarded and administered" or "ASA"**: the value of the assets that an investment firm safeguards and manages for its clients, regardless of whether the assets are included in the investment firm's balance sheet or are segregated in other accounts;

- **"client orders handled" or "COH"**: the value of orders that an investment firm processes for clients, receiving and transmitting client orders and executing orders on behalf of clients.

On this basis, the Company must maintain a capital endowment of at least euro 1 million, considerably lower than the amount of own funds held.

Concentration risk

The SIM is exposed to this risk only in relation to the cash and cash equivalents deposited with banks.

Liquidity risk

The Company does not have significant exposure to the Liquidity Risk, meant as default with respect to its payment commitments, thanks to the regular collection of periodic fees. Liquidity risk is controlled through the liquidity requirement: investment firms must hold a volume of liquid assets at least equivalent to one third of the requirement relating to fixed overheads.

Operational risk

This type includes the risk of losses deriving from the inadequacy or malfunction of procedures, human resources and internal systems, or from external events; this category includes legal risk. This includes, inter alia, losses deriving from fraud, human error, interruption of operations, system unavailability, contractual defaults, natural disasters. Legal risk, i.e. the risk of losses deriving from violations of laws or regulations, contractual or non-contractual liability or other disputes. Operational risk includes disclosure risks for internal purposes (e.g. reporting for the purposes of planning and controlling the performance of corporate activities) or external purposes (e.g. disclosure to the Supervisory Authority or the public).

The risk analysis that is continuously run during the year, in particular with regard to credit risk, shows that the SIM is exposed to credit risk mainly as a consequence of its deposits with other intermediaries, due to its exposure to financial advisors for the advances granted and, for a very small portion of trade receivables not collected within the reference month. Given the peculiarity of the activities carried out by the SIM, the Directors did not highlight any problematic findings in the financial risks listed above, as the assets and liabilities are largely settled at the date of preparation of the financial statements. With regard to receivables from financial advisors for advances on fees, no particular problems are foreseen since the SIM has put repayment plans in place, which are always complied with, with a duration of 12 months.

Operational risks are intrinsically connected to the activity carried out by the SIM that, to deal with them, has implemented methodologies and tools for their mapping in the main company processes, arranging the internal control procedures over three levels:

- the first, the operational one, which is summarized in the figure of the CEO, is carried out by the production or back-office business areas and organizational units and takes the form of hierarchical or line controls;
- the second is entrusted to specific functions that have the task of controlling the risk management system (Risk Management Function), preventing the risk of non-compliance with regulations on the provision of services and controlling activities on the distribution network (Compliance Function) and combating money laundering and terrorist financing (Anti-money laundering Function);
- the third, internal audit, is aimed at identifying anomalous trends, violations of procedures and regulations as well as independently assessing the completeness, functionality and adequacy of the internal control system and procedures, assigned to the Internal Audit Function.

In this context, some implementations were made to the operational risk recognition process in order to obtain more objective valuations. The systems for recognizing losses are of an accounting nature and are subject to monthly monitoring through periodic financial statements drawn up on a prudent basis. Historically, however, no extraordinary operating losses were recorded for penalties, legal expenses, compensation for damages, and provisions for pending disputes.

The Board of Directors, having acknowledged the information received, believes that it is essential that the operating structures, in mapping the risks in the main company processes according to the established methodologies, continue to guarantee the effective and efficient functioning of the line controls put in place to monitor the activities carried out and to undertake all suitable initiatives to mitigate the risks identified.

In particular, reference is made to the impacts deriving from the forthcoming entry into force of the new regulatory frameworks regarding environmentally sustainable investments and the distribution of insurance products, in addition to the constant improvement of the controls relating to the provision of investment services.

The Company also applies insurance coverage to protect itself from operational risks deriving from third parties or caused by third parties, including the risk of fraud deriving from the activities of financial advisors, and suitable contractual clauses to cover damages caused by suppliers of infrastructures and services.

Information on the going concern assumption

The Directors carried out a careful analysis of the events that could give rise to significant doubts regarding the going concern assumption.

On 25 January 2022, the Board of Directors approved the 2022-2024 Business Plan, which outlines the business strategy of SCM Sim for the three-year period.

The 2022-24 Business Plan envisages the achievement of the following objectives:

- Sustainable growth of assets over the three-year period;
- Consolidation of the sales network with the entry of new resources;
- Current development of the network of insurance advisors with consequent access to the profession of financial advisor;
- Segmentation and development of customers in insurance portfolios.

With regard to the main actions planned by management to achieve the objectives of the Business Plan, worth noting are the conversion of low-profitability assets, the development of the Web channel and the investments in marketing and training for the sales network.

The strategic planning model contemplates three different scenarios ("Basic", "Best" and "Worst") based on different assumptions relating to the main parameters, such as the fee structure, the mix of assets under management, funding and recruitment, cost trends.

The 2022-2024 business plan envisages, in the first place, an increase in the volumes collected and the consolidation of profitability which, together with the strengthening of the sales network, will contribute to increasing the value of the company.

The development of the business plan took into consideration the variables of the reference context, assessing in particular the competitive situation and the scope for business growth, also in light of the prospects linked to the contingent situation.

In the "Basic" scenario, the plan envisages a return to break even already in the first year, when a profit will be recorded after the loss suffered in 2021, and the sales network will be consolidated through the recruitment of new financial advisors.

The worst scenario was prepared again this year due to the contingent situation and is based on more conservative assumptions which, in any case, would allow a positive economic result at the end of the plan.

The actions envisaged in the aforementioned plan and, in particular in support of the achievement of the budget objectives for the year 2022, include the following initiatives:

- Conversion of low-profitability assets through the disinvestment of zero-profit assets in the insurance segment and consequent investment in asset management services or new high-yield insurance products;
- Development of the web channel through investments in platforms capable of generating potential opportunities for contact with target customers;
- Investments in marketing with commercial initiatives aimed at developing existing customers not adequately followed by the current structure;
- Investments in training with courses targeted to the sales network on topical financial issues.

In support of the previous actions, in 2021, the contact data of the customers acquired following the incorporation of the insurance portfolio of Eurovita (over 6 thousand) were imported. In the next three years, one of the priorities will be the development of this important resource, possible only through the segmentation of customers and their involvement in a more articulated advisory model.

Given the above, the development of the plan in the three-year period highlights the possibility of growth for the company and the achievement of the primary objective of stabilizing the economic and financial results.
The analysis of the financial and operating indicators, as well as the capital structure and the projections of the results for the following years suggest that the going concern assumption is appropriate since, in the Directors' opinion, there are no significant uncertainties that, considered individually or together, may give rise to uncertainties regarding this issue.

Other information

Information on treasury shares and/or shares of parent companies held by the company

Pursuant to art. 2428, paragraphs 3 and 4 of the Italian Civil Code, the company does not hold nor did it hold during the year any treasury shares or shares of parent companies, including through trust companies or third parties.

Information on the environment and personnel

As at 31 December 2021 the company had the following workforce:

- 4 employees with the qualification of office workers;
- 7 employees with the qualification of middle managers;
- 3 employees with the qualification of executives.

In compliance with the provisions of art. 2428, paragraph 2 of the Italian Civil Code, the company carries out its activities in line with the provisions on the environment and hygiene in the workplace;

Transactions with related parties and off-balance sheet transactions

Transactions with related parties are duly illustrated in the notes to the financial statements.

Research and development activities

In 2021, the Company continued the research and development activities envisaged in the "SCM 2030 - Study activities aimed at acquiring new knowledge and defining new solutions for planning, monitoring and digitalizing Operations" project, prepared in collaboration with 3I & Partners and audited by Crowe Bompani S.p.A.

The company intervened, as early as 2018, on its systems and processes to adapt them to the new requirements by structuring a professional IT system.

The current project was developed to meet the need to review and adapt the processes and operating methods with a view to digital transition to make the company more competitive on the market and be ready to adapt to new regulatory changes and compliance requirements by consequently increasing its resilience. The related activities were classified as both R&D and Innovation, so as to be consistent with the indications of the financial easy terms guaranteed by various legal provisions

(Mise Decree of 26 May 2020 - Implementing provisions for new tax credit, for research and development, technological innovation and design activities (Official Gazette no. 182 of 21 July 2020)) and by the circulars of the Revenue Agency.

Significant events after the end of the year and business outlook

The first few months of 2022 saw a continuation of the emergency deriving from the spread of the Covid-19 virus, although the completion of the vaccination campaigns and the less aggressive latest variants caused the situation to clearly improve.

However, the scenario was considerably compounded by the Russia-Ukraine conflict that broke out at the end of February, which led to unprecedented volatility on the financial markets, fuelled by the discouraging news spread in the first part of the war operations. Added to this was the inevitable worsening of economic conditions in all countries with foreign-dependent energy needs.

It is currently difficult to assess the impact that this situation will have on the Company's fundamentals. Despite the resilience shown by the structure in recent years, the unfavourable trend of the markets could result in a limited contribution of performance fees during the year if the events related to the conflict continue for a long time. If the situation were to be resolved in a short time, this condition would be lifted and we could see, as happened several times in history, a significant recovery of the economies affected by the crisis.

The limited contribution of performance fees may be offset in 2022 by some transactions carried out at the beginning of the year. In particular, some transactions for the sale of tax receivables deriving from the 110% Bonus are finally coming to an end, as part of which the company has taken on the role of arranger, building a fluid path for buyers that is compliant with the latest regulations. This activity is expected to make an important contribution to the company's accounts.

Worth mentioning is also the launch of a new insurance product with three underlying lines managed by SCM and built with Nobis Vita S.p.A., which will allow even the younger and less experienced advisors to collect continuously. This product fills a gap that until now has prevented operators without portfolios from working with SCM, since the threshold for access to the main services is euro 100 thousand. It also allows customers to invest gradually and regularly: a method that is highly effective with volatile markets.

With regard to the pandemic emergency, although some limitations are still in place, it should be noted that the company activities are now particularly well-established due to the new modus operandi that offers the possibility of signing contracts online, organizing training activities remotely for the business network and involve customers on issues of interest to them without their physical presence.

Lastly, worth stating among the corporate events is the fact that at the end of the year the Company was summoned in civil proceedings, in the context of which the plaintiffs brought several objections regarding the correct fulfilment of the obligations imposed by the reference regulations in the provision of investment services. It should be specified that this is a new situation for the SIM since, in its 12 years of activity, it has never had to deal with a dispute with customers, has received about ten complaints in its entire history and has never been subject to sanctions by the competent Authorities.

SCM entrusted Studio Legale Gianni & Origoni with the defence and contacted Studio Legale Lener & Partners to receive an opinion on the dispute: both professionals, following a preliminary examination of the deeds and documents available, postponing any more accurate assessment until the outcome of a complete investigation of the dispute, expressed their opinion with regard to the generic nature of the case facts submitted by the plaintiffs, which do not appear currently to be justified by adequate evidence, and the groundlessness of the legal reconstruction, circumstances for which it was not necessary to set aside specific reserves in the financial statements.

Allocation of profit for the year

The Board of Directors, in compliance with the legal provisions and the provisions of the Articles of Association, proposes to the Shareholders' Meeting to cover the loss of euro 271,199 by using the item "Share premium reserve" for the same amount.

Milan, 25 March 2022

THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Maria Leddi

The undersigned, Maria Leddi, legal representative of the company SOLUTIONS CAPITAL MANAGEMENT SIM S.p.A., aware of the criminal liability envisaged in the event of false declaration, certifies, pursuant to art. 47 of Presidential Decree 445/2000, the correspondence of this document to the document kept in the Company's records.

Stamp duty paid virtually through the Milan Chamber of Commerce, authorization no. 3/4774/2000 of 19/07/2000.

Legal Representative

Maria Leddi

SOLUTIONS CAPITAL MANAGEMENT SIM S.P.A.

Joint-stock company

Consob Resolution no. 17202 of 2 March 2010 - Enrolled in the Register of SIMs under no. 272

Member of the National Guarantee Fund

Registered office in Milan - Via Gonzaga, 3

Resolved Share Capital euro 2,406,240, subscribed and paid-up euro 2,006,240

Registered with the Chamber of Commerce of MILAN

Tax Code and Company Register no. 06548800967

VAT number: 06548800967 - Rea (Economic and Administrative Index) no.: 1899233

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

Prepared according to international standards (IAS / IFRS)

Board of Directors

Maria Leddi	Chairperson of the Board of Directors
Antonello Sanna	Chief Executive Officer
Eugenio Tornaghi	Director
Francesco Barbato	Director
Roberto Santoro	Director
Antonio Somma	Director
Massimo Nicolazzi	Director

Board of Statutory Auditors

Massimo Mariani	Chairperson
Pierluigi Di Paolo	Standing Auditor
Aldo Campagnola	Standing Auditor
Luca Oliva	Alternate Auditor
Luca Savino	Alternate Auditor

Independent Auditors

Crowe Bompani S.p.A.

FINANCIAL STATEMENTS

BALANCE SHEET

Amounts in Euro

ASSETS	31/12/2021	31/12/2020
10. Cash and cash equivalents	**121**	**345**
20. Financial assets measured at fair value through profit or loss	**-**	**-**
a) financial assets held for trading	-	-
40. Financial assets measured at amortized cost	**2,441,167**	**3,169,691**
a) receivables from banks	598,879	730,809
c) trade receivables	1,842,288	2,438,882
80. Tangible assets	**1,116,989**	**589,143**
90. Intangible assets	**123,804**	**65,413**
100. Tax assets	**899,907**	**938,207**
a) current	72,584	113,789
b) prepaid	827,323	824,418
120. Other assets	**611,715**	**365,838**
TOTAL ASSETS	**5,193,703**	**5,128,637**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2021	31/12/2020
10. Financial liabilities measured at amortized cost	**1,435,676**	**1,036,583**
a) payables	1,435,676	1,036,583
60. Tax liabilities	**2,661**	**2,661**
a) current	-	-
b) deferred	2,661	2,661
80. Other liabilities	**588,663**	**672,615**
90. Employee severance indemnities	**197,649**	**162,612**
110. Capital	**2,006,240**	**2,006,240**
140. Share premium accounts	**1,076,103**	**1,215,582**
150. Reserves	**212,790**	**212,790**
160. Valuation reserves	**(54,880)**	**(40,967)**
170. Profit (loss) for the year	**(271,199)**	**(139,479)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,193,703**	**5,128,637**

INCOME STATEMENT

ITEMS	31/12/2021	31/12/2020
10. Net trading profit (loss)	**-**	**-**
30. Gains (losses) on disposal or repurchase of:	**(152)**	**-**
a) financial assets measured at amortized cost	(152)	-
50. Commission income	**6,340,430**	**5,528,933**
60. Fee and commission expense	**(2,445,826)**	**(2,319,662)**
70. Interest income and similar revenues	**-**	**-**
80. Interest expense and similar charges	**(39,029)**	**(27,815)**
90. Dividends and similar income	**-**	**-**
110. NET INTEREST AND OTHER BANKING INCOME	**3,855,424**	**3,181,456**
120. Net value adjustments/write-backs for credit risk of:	**(82,932)**	**(30,172)**
a) financial assets measured at amortized cost	(82,932)	(30,172)
130. NET PROFIT (LOSS) FROM FINANCIAL OPERATIONS	**3,772,492**	**3,151,284**
140. Administrative expenses:	**(3,761,913)**	**(3,294,693)**
a) personnel expenses	(1,910,834)	(1,682,169)
b) other administrative expenses	(1,851,079)	(1,612,524)
160. Net value adjustments/write-backs on tangible assets	**(288,104)**	**(252,951)**
170. Net value adjustments/write-backs on intangible assets	**(33,145)**	**(29,149)**
180. Other operating income and expenses	**43,526**	**266,006**
190. OPERATING COSTS	**(4,039,635)**	**(3,310,787)**
240. PRE-TAX PROFIT (LOSS) FROM CURRENT ASSETS	**(267,143)**	**(159,503)**
250. Income taxes for the year on current operations	**(4,056)**	**20,024**
260. PROFIT (LOSS) AFTER TAXES FROM CURRENT ASSETS	**(271,199)**	**(139,479)**
280. PROFIT (LOSS) FOR THE YEAR	**(271,199)**	**(139,479)**

STATEMENT OF COMPREHENSIVE INCOME

Items	31/12/2021	31/12/2020
10. Profit (loss) for the year	**(271,199)**	**(139,479)**
Other income components net of taxes without reversal to the income statement		
70. Defined benefit plans	**(13,913)**	**(3,104)**
Other income components net of taxes with reversal to the income statement		
110. Exchange rate differences		
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income		
170. Total other income components net of taxes	**(13,913)**	**(3,104)**
180. Comprehensive income (Item 10 + 170)	**(285,112)**	**(142,583)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year 2021	Balance as at 31.12.2020	Change in opening balances	Balance as at 01.01.2021	Allocation of previous year's result		Changes for the year						Comprehensive income 31.12.2021	Shareholders' equity as at 31.12.2021
							Transactions on shareholders' equity						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Other changes		
Share capital	2,006,240		2,006,240										2,006,240
Share premium account	1,215,582		1,215,582	(139,479)									1,076,103
Reserves for			-										
a) profits	204,364		204,364										204,364
b) others	8,426		8,426										8,426
Valuation reserves	(40,967)		(40,967)								(13,913)		(54,880)
Equity instruments													
Treasury shares													
Profit (loss) for the year	(139,479)		(139,479)	139,479								(271,199)	(271,199)
Shareholders' Equity	**3,254,166**		**3,254,166**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,913)**	**(271,199)**	**2,969,054**

Year 2020	Balance as at 31.12.2019	Change in opening balances	Balance as at 01.01.2020	Allocation of previous year's result		Changes for the year						Comprehensive income 31.12.2020	Shareholders' equity as at 31.12.2020
							Transactions on shareholders' equity						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Other changes		
Share capital	2,006,240		2,006,240										2,006,240
Share premium account	1,215,582		1,215,582										1,215,582
Reserves for													
a) profits	189,232		189,232	15,133							(1)		204,364
b) others	8,426		8,426										8,426
Valuation reserves	(37,863)		(37,863)								(3,104)		(40,967)
Equity instruments													
Treasury shares													
Profit (loss) for the year	15,133		15,133	(15,133)								(139,479)	(139,479)
Shareholders' Equity	**3,396,750**		**3,396,750**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,105)**	**(139,479)**	**3,254,166**

CASH FLOW STATEMENT	31/12/2021	31/12/2020
Direct method		
A. OPERATING ACTIVITIES		
1. Management	**137,189**	**152,769**
interest income collected		
interest expense paid	(39,029)	(27,815)
dividends and similar income		
net fees	3,894,604	3,209,271
personnel expenses	(1,910,834)	(1,682,169)
other costs	(1,954,014)	(1,689,674)
other revenues	146,462	343,156
taxes and duties		
costs/revenues relating to groups of assets held for sale and net of the tax effect		
2. Cash flow generated/absorbed by financial assets	**(283,028)**	**(1,180,444)**
financial assets held for trading		
financial assets measured at fair value other assets mandatorily measured at fair value		
financial assets measured at fair value through other comprehensive income		
financial assets measured at amortized cost		
other assets	(283,028)	(1,180,444)
3. Cash flow generated/absorbed by financial liabilities	**(83,953)**	**292,671**
financial liabilities measured at amortized cost		208,022
financial liabilities held for trading		
financial liabilities designated at fair value		
payables to financial institutions		
other liabilities	(83,953)	84,649
Net cash flow generated/absorbed by operating activities	**(229,792)**	**(735,004)**
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by		-
sales of equity investments		
dividends collected on equity investments		
sales of tangible assets		-
sales of intangible assets		
sales of business units		
2. Liquidity absorbed by	**97,638**	**(192,939)**
purchases of equity investments		
purchases of tangible assets	6,102	(133,289)
purchases of intangible assets	91,536	(59,650)
purchases of business units		
Net cash flow generated/absorbed by investment activities	**97,638**	**(192,939)**
C. FUNDING ACTIVITIES		
issues/purchases of treasury shares		-
issues/purchases of equity instruments		
dividend distribution and other purposes		
Net cash flow generated/absorbed by funding activities	**-**	**-**
NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR	**(132,154)**	**(927,943)**
RECONCILIATION		
Cash and cash equivalents at the beginning of the year	731,154	1,659,097
Total net cash flow generated/absorbed during the year	(132,154)	(927,943)
Cash and cash equivalents: effect of changes in exchange rates		
Cash and cash equivalents at the end of the year	**599,000**	**731,154**

Explanatory Notes to the Financial Statements as at 31/12/2021

FOREWORD

The explanatory notes are divided into the following parts:

1) part A - Accounting policies;

2) part B - Information on the balance sheet;

3) part C - Information on the income statement;

4) part D - Other information.

Each part of the notes is divided into sections, each of which illustrates a single aspect of company management. The sections contain both qualitative and quantitative information. Quantitative information usually consists of items and tables. The items and tables that do not present amounts, neither for the year to which the financial statements refer nor for the previous one, are not indicated.

The explanatory notes provide, in addition to those expressly provided for by the international accounting standards and by the Measure of the Bank of Italy of 29 October 2021 ("The financial statements of IFRS intermediaries other than banking intermediaries"), supplemented by the Communication of 21 December 2021 concerning the impacts of COVID-19 and the measures to support the economy and amendments to IAS/IFRS, also all other information not required in order to provide adequate reports.

PART A - ACCOUNTING POLICIES

A1. GENERAL PART

Section 1 - Declaration of compliance with international accounting standards

These Financial Statements were prepared in application of Italian Legislative Decree no. 38 of 28 February 2005 and according to the international accounting standards IAS/IFRS, as interpreted by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the European Union.

The international accounting standards were also applied with reference to the "Systematic framework for the preparation and presentation of financial statements".

Where necessary - in the absence of a standard or an interpretation applicable to the individual case - the Administrative Body used its own judgement in developing and applying an accounting standard to provide adequate and reliable disclosure, for the purposes of the economic decisions to be made by the users, so that the financial statements:

- accurately represent the equity, financial situation, economic result and cash flows of the investment company;

- reflect the economic substance of the transactions, other events and circumstances and not merely the legal form;

- are neutral, i.e. free from prejudices;

- are prudent;

- are complete with respect to all relevant aspects.

In compliance with art. 5 of Italian Legislative Decree no. 38/2005, if, in exceptional cases, the application of a provision envisaged by the international accounting standards is incompatible with a true and fair view of the equity, financial position and economic result, the provision is not applied. In this case, the reasons for the derogation and its influence on the representation of the equity, financial position and economic result are explained in the explanatory notes.

In the financial statements, any profits deriving from the exception are recorded in a non-distributable reserve. In 2021, there were no exceptional cases and, therefore, it was not necessary to apply the exceptions described above.

Section 2 - General preparation principles

The financial statements as at 31 December 2021 were prepared on the basis of the Instructions issued by the Bank of Italy, in exercising the powers established by art. 9 of Italian Legislative Decree no. 38/2005, with the Measure of 29 October 2021 for the preparation of the financial statements of IFRS intermediaries other than banking intermediaries, supplemented by the communication of 21 December 2021 concerning the impacts of COVID-19 and measures to support the economy and amendments to IAS/IFRS. These instructions establish in a binding manner the financial statements and the relevant preparation procedures, as well as the contents of the Explanatory Notes.

The Financial Statements consist of the mandatory accounting schedules envisaged by IAS 1, i.e. the balance sheet, income statement, cash flow statement, statement of comprehensive income and statement of changes in shareholders' equity, as well as these explanatory notes and are accompanied by the directors' report on operation.

The currency of presentation of the financial statements is the Euro. The financial statement balances and the explanatory notes are expressed in Euro.

The financial statements have been prepared with clarity and give a true and fair view of the equity position, the financial position and the economic result for the year. If the information required by the international accounting standards and by the provisions contained in the aforementioned measures issued by the Bank of Italy is insufficient to provide a true and fair, relevant, reliable, comparable and understandable representation, the additional information necessary for this purpose is provided in the explanatory notes.

The data in the official financial statements as at 31 December 2021 are compared with the financial statements as at 31 December 2020, reclassified on the basis of the new formats required by the Measure as from the 2020 financial year.

The Financial Statements of Solutions Capital Management SIM S.p.A. (hereinafter also "SCM SIM S.p.A.") are audited by the company Crowe Bompani S.p.A., registered in the register of statutory auditors established at the Ministry of Economy and Finance.

The financial statements were prepared on a going concern basis, according to the principle of accounting on an accrual basis, in compliance with the principle of relevance and significance of information, the prevalence of substance over form and with a view to encouraging consistency with future presentations.

Assets and liabilities, costs and revenues are not offset against each other, unless this is permitted or required by the international accounting standards or by the provisions contained in the Measure issued by the Bank of Italy. If an asset or liability entry falls under more than one balance sheet item, if this is necessary for the purposes of understanding the financial statements, the explanatory notes also state that this can be referred to items other than the one in which it is recorded.

Items of a different nature or function were presented separately unless they were considered irrelevant.

In recognizing operating events in the accounting records, importance was given to the principle of economic substance with respect to that of form.

Section 3 - Events after the reporting date

As at the date of preparing these financial statements, no significant events or facts are known that may affect the economic, equity and financial position of the SIM. With regard to significant events that took place in 2022 and had no impact on the financial statements for the year 2021, please refer to the Directors' Report on Operations.

Section 4 - Other aspects

The preparation of the financial statements also requires the use of estimates and assumptions that may have significant effects on the values recorded in the balance sheet and income statement. The preparation of these estimates implies the use of available information and the adoption of subjective assessments. In consideration of this, it cannot be excluded that the assumptions made, however reasonable, may not be confirmed in the future scenarios in which the company will operate. The results that will be recorded in the future could therefore differ from the estimates made for the purposes of preparing the financial statements and consequently it could be necessary to make adjustments that are not currently foreseeable or that cannot be estimated with respect to the book value of the assets and liabilities recorded in the financial statements.

The main cases in which the use of subjective assessments is required by the Directors in the preparation of these financial statements are:

- the valuation of the recoverable value of the receivables, also with reference to the fee advances paid to the financial advisors;

- estimates and assumptions on the recoverability of deferred tax assets recognized in the financial statements.

With reference to the preparation of the financial statements according to the going concern criteria, please refer to the report on operations.

Risks, uncertainties and impacts of the COVID-19 epidemic

The risks and uncertainties generated by the COVID-19 pandemic did not cast doubt on the company's ability to continue to operate as an operating entity. Therefore, there are no doubts as to the going concern.

During the year, there were no significant changes in the estimates due to COVID-19.

Amendment to IFRS 16

The Company did not apply the practical expedient envisaged by Regulation (EU) no. 1434/2020.

A.2 MAIN ITEMS IN THE FINANCIAL STATEMENTS

The criteria adopted with reference to the classification, recognition, measurement and derecognition of the various asset and liability items of the balance sheet, as well as the recognition criteria of the income components, are illustrated below.

Financial assets measured at fair value through profit or loss

Financial assets other than those classified under "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortized cost" are classified in this category.

Financial assets held for trading

a) Recognition criteria

Financial assets are initially recognized on the settlement date for debt securities, equities and UCITS units, on the disbursement date for loans and on the subscription date for derivative contracts.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which normally corresponds to the amount paid, without considering transaction costs or income directly attributable to the financial instrument, which are recognized in the income statement.

b) Classification criteria

A financial asset (debt securities, equity securities, loans, UCITS units) is classified as held for trading if it is managed with the objective of realizing cash flows through sale, i.e. if it is associated with the Business Model "Other", as

acquired with a view to being sold in the short term;

part of a portfolio of financial instruments that are managed jointly and for which there is a proven strategy aimed at achieving profits in the short term.

c) Measurement criteria

After initial recognition, financial assets held for trading are measured at fair value through profit or loss.

d) Derecognition criteria

Financial assets are derecognised when they are sold or repaid, substantially transferring all related risks/benefits.

Financial assets measured at amortized cost

a) Recognition criteria

The initial recognition of the financial asset takes place on the date on which the SIM acquires the right to payment of the amounts contractually agreed; they are recognized at fair value, normally corresponding to the amount disbursed or the consideration paid, to which any directly attributable transaction costs/income are added.

b) Classification criteria

Financial assets are recognized in this category if both conditions are met:

the objective of their ownership lies in the collection of contractual cash flows ("Hold to Collect" business model);

the related contractual flows are represented solely by payments of principal and interest on the principal to be repaid (i.e. which require the passing of the so-called "SPPI test").

Receivables include receivables from banks in relation to the current accounts held with them, trade receivables and receivables from financial advisors.

c) Measurement criteria

Financial assets, after initial recognition, are measured at amortized cost; the amortized cost method is not used for those assets whose short duration makes the effect of the application of the discounting logic negligible. These assets are valued at historical cost and any costs/income referring to them are attributable to the income statement on a straight-line basis over the contractual duration of the receivable.

At the end of each year or half-year, financial assets are reviewed to identify those which, following the occurrence of events after their recognition, show objective evidence of possible impairment. Value adjustments are recorded with a balancing entry in the income statement.

The original value of the assets is restored in subsequent years to the extent that the reasons that led to the adjustment cease to exist, provided that this valuation is objectively linked to an event that occurred after the adjustment. The write-back is recorded in the income statement, and cannot in any case exceed the amortized cost that the asset would have had in the absence of previous adjustments.

d) Derecognition criteria

The financial assets sold are derecognised from the financial statements only if the sale entails the substantial transfer of all the risks and benefits associated with the assets in question. On the other hand, if the risks and benefits relating to the assets sold have been maintained, they continue to be recorded among the assets in the financial statements, even if legally the ownership of the financial asset has been effectively transferred.

If it is not possible to ascertain the substantial transfer of the risks and benefits, the financial assets are derecognised from the financial statements if no type of control has been maintained over them. Otherwise, retaining even just a part of this control entails the maintenance in the financial statements of the financial assets to an extent equal to the residual involvement, measured by the exposure to changes in value of the assets sold and to changes in their cash flows.

Lastly, the financial assets sold are derecognised from the financial statements if the contractual rights to receive the related cash flows are retained, with the simultaneous assumption of an obligation to pay said flows, and only them, to other third parties.

Tangible assets

a) Recognition criteria

Tangible assets are initially recognized at cost, meaning the purchase price including any additional charges directly attributable to the purchase and commissioning of the asset.

Post-purchase expenses increase the book value of the asset or are recognized as separate assets only when they result in an increase in future economic benefits deriving from the use of the investments. Other expenses incurred subsequently to the acquisition are recognized in the income statement in the year in which they were incurred.

b) Classification criteria

The aggregate includes tangible assets held to be used in the production or supply of goods and services or for administrative purposes and which are expected to be used for more than one period. The tangible assets of the SIM include furniture and fixtures, electronic machines, generic systems and various equipment and mobile radio.

c) Measurement criteria

Tangible assets are measured at cost, net of depreciation and any impairment losses. The depreciable amount is systematically allocated over the useful life, adopting the straight-line method of depreciation.

The useful life of tangible assets subject to depreciation is periodically tested; in the event of adjustments to the initial estimates, the related depreciation is consequently changed. It is also assessed, at each reporting date, whether there is any indication that an asset may have suffered an impairment loss. In this case, the recoverable value of the asset is determined, i.e. the higher of the net sale price and the value in use. If the conditions that led to the recognition of the impairment loss no longer apply, the recoverable value of that asset must be estimated.

d) Derecognition criteria

A tangible asset is derecognised from the balance sheet at the time of disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

e) Criteria for the recognition of income components

Both depreciation, calculated "pro rata temporis", and any impairment losses are recognized in the income statement under "Net value adjustments / write-backs on tangible assets". The depreciation rate used in reference to the assets owned is indicated in detail:

- Furniture 12%
- Furnish 15%
- Electronic office equipment 20%
- Generic plants 15%

Intangible assets

a) Recognition criteria

Assets without physical substance are recorded as assets when they are identifiable, controlled by the company, able to produce future economic benefits, and their cost can be reliably determined. Expenses incurred after the initial purchase are capitalized only if they increase the future economic benefits of the specific capitalized asset, otherwise they are charged to the income statement.

b) Classification criteria

These are licenses for software programs used for administrative purposes and that are expected to be used for more than one period.

c) Measurement criteria

After initial recognition, intangible assets are measured at cost, net of accumulated amortization and any accumulated impairment losses. Intangible assets acquired through business combinations are measured at the time of initial recognition at fair value.

d) Derecognition criteria

An intangible asset is derecognised from the balance sheet at the time of disposal or when no future economic benefits are expected.

e) Criteria for the recognition of income components

Intangible assets with a finite useful life are amortized and recorded net of the relative accumulated amortization, calculated systematically on the basis of the estimated useful life in relation to the period in which the economic benefits are obtained, and net of any impairment losses.

Current and deferred taxation

a) Recognition and classification criteria

Current tax items include receivables (current assets) and payables to be paid (current liabilities) for income taxes pertaining to the period.

Deferred tax items, on the other hand, represent income taxes recoverable in future periods for "deductible temporary differences" (deferred assets) and income taxes payable in future periods for "taxable temporary differences" (deferred liabilities). "Taxable temporary differences" are those that in future periods will determine taxable amounts and "deductible temporary differences" are those that in future years will determine deductible amounts. Lastly, deferred assets include tax losses based on the assumption of their future recoverability.

Prepaid and deferred taxes are accounted for at equity level with open balances and without offsetting, including the former in the item "Tax assets" and the latter in the item "Tax liabilities".

Deferred tax assets are recognized if there is a likelihood of recovery in a reasonable period of time.

b) Measurement criteria

Deferred taxes are determined on the basis of the balance sheet liability method, taking into account the tax effect related to the temporary differences between the carrying amount of assets and liabilities and their tax value, which will determine taxable or deductible amounts in future periods. Deferred taxes are calculated by applying the tax rates established by the legal provisions in force to the taxable temporary differences, and to the deductible temporary differences for which there is the probability of an effective recovery.

c) Derecognition criteria

Current tax receivables and payables are eliminated from the balance sheet only after recovery of the tax credit and payment of the amount due to the tax authorities. Deferred tax receivables and payables are eliminated from the balance sheet when the temporary differences that generated them are reversed during the year.

d) Criteria for the recognition of income components

If the deferred tax assets and liabilities refer to components that have affected the income statement, income taxes serve as the balancing entry. Income taxes, calculated in compliance with national tax legislation, are accounted for as a cost on the basis of the accrual principle, in line with the methods for recognizing the costs and revenues that generated them in the financial statements. Therefore, they represent the balance of current and deferred taxes relating to the income for the year.

If the deferred tax assets and liabilities refer to components that have affected the shareholders' equity, the balancing entry is the adjustment of the corresponding balance sheet item.

Other assets

This item includes assets not attributable to other balance sheet asset items. The item may include, for example:

- accrued income and prepaid expenses not attributable to other assets;
- tax receivables other than those classified under item "100. Tax assets".

Financial liabilities measured at amortized cost

a) Recognition criteria

The first recognition is made on the basis of the fair value, normally equal to the amount collected or the issue value plus any additional costs/income directly attributable to the individual funding or issue transaction and not repaid to the creditor counterparty.

b) Classification criteria

The item includes the sub-items "Payables" and "Outstanding securities" and, specifically, the sub-item "Payables" includes the company's payables to financial advisors and those relating to lease and rental fees (Lease payables).

c) Measurement criteria

After initial recognition, these liabilities, net of any repayments and/or repurchases, are measured at amortized cost using the effective interest rate method, with the exception of short-term liabilities, which remain recognized at their nominal value as the effect of discounting is negligible, and any related costs charged are attributed to the income statement on a straight-line basis over the contractual duration of the liability.

d) Derecognition criteria

Financial liabilities are derecognised from the financial statements when they have expired or are extinguished. A financial liability is extinguished when the debt is settled by paying the creditor in cash or through other financial assets, goods or services or is legally released from primary responsibility for the liability.

Other liabilities

This item includes liabilities not attributable to other balance sheet liability items.

This item includes, for example:

- payables associated with the payment of non-financial goods and services;
- sundry tax payables other than those recognized in item "60. Tax liabilities", connected, for example, to withholding agent activities.

Employee severance indemnities

As a result of the supplementary pension reform, pursuant to Italian Legislative Decree 252/2005, the portions of employee termination indemnities accruing from 1 January 2007 constitute a "defined contribution plan". The charge relating to the portions is determined on the basis of the contributions due without the application of any actuarial method.

On the other hand, employee severance indemnity accrued up until 31 December 2006 continues to constitute a "post-employment benefit" of the "defined benefit plan" series and, as such, requires the determination of the value of the obligation on the basis of actuarial assumptions and must be subject to discounting since the payable can be extinguished significantly after the employees have provided the related work.

The amount recorded as a liability is equal to:

(a) the present value of the defined benefit obligation at the reporting date;

(b) plus any actuarial gains (less any actuarial losses) recognized in a specific equity reserve;

(c) less the fair value at the reporting date of any plan assets.

The Company, in relation to the recognition of actuarial gains/losses, in accordance with IAS 19R, in force since 2013, recognizes these components directly in shareholders' equity under valuation reserves. "Actuarial gains/losses" include the effects of adjustments deriving from the reformulation of previous actuarial assumptions as a result of actual experience or due to changes in the same assumptions.

For the purposes of discounting, the "Projected unit credit" method is used, which considers each individual service period as giving rise to an additional unit of severance indemnity, thus measuring each unit, separately, to construct the final obligation. This additional unit is obtained by dividing the total expected service by the number of years elapsed from the time of hiring to the expected date of settlement. The application of this method envisages the projection of future outlays on the basis of historical statistical analyses and the demographic curve and the financial discounting of these flows on the basis of a market interest rate. The rate used for discounting is determined with reference to the market rates recorded at the balance sheet date of "high quality corporate bonds" or to the yields of securities characterised by a low credit risk profile.

Share capital and equity reserves

The values relating to the share capital and equity reserves are recognized at their nominal value.

Translation of items expressed in foreign currency

Transactions expressed in foreign currency are converted into euro using the exchange rate on the date of the transaction. At the end of the year, no payables or receivables in foreign currency were recognized in the financial statements.

Revenues

Revenues are measured at the fair value of the consideration received or due and are recognized in the accounts when all the following conditions are met:

- the amount of revenues can be reliably measured;

- it is probable that the economic benefits deriving from the transaction will flow to the company;

- the stage of completion of the transaction at the reporting date can be reliably measured;

- the costs incurred for the transaction and the costs to be incurred to complete it can be reliably calculated.

Revenues recognized for the provision of services are measured in accordance with the stage of completion of the transaction.

Costs

Costs are accounted for at the time they are incurred. They represent monetary or equivalent amounts paid or the fair value of other considerations paid to purchase an asset, at the same time as the purchase or, where applicable, the amount attributed to that asset at the time of initial recognition as set out in the specific provisions of the IFRS.

IFRS 16

The new standard IFRS 16 - *Leases* published by the IASB on 13 January 2016 and endorsed through Regulation (EU) 2017/1986 of 31 October 2017 governs the recognition, measurement, exposure and information that companies must report in the explanatory notes with regard to contracts that meet the definition of lease, as envisaged by the same standard.

IFRS 16 therefore replaced the following standards and interpretations:

IAS 17 *Leases*;

IFRIC 4 Determining whether an arrangement contains a lease;

SIC 15 Operating Leases - Incentives;

SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease.

The new standard no longer envisages two distinct methods of accounting for lease contracts on the basis of their classification as operating leases or finance leases (as instead envisaged by the previous IAS 17), but a single accounting recognition model, based on which the lessee notes:

- in the Balance Sheet, under assets, the right of use (ROU) of the underlying asset, and under liabilities, the considerations to be paid over the term of the contract;
- in the income statement, the amortization of the ROU and the interest expense on the Lease liability, with decreasing trend based on the progressive decrease of the payable.

According to paragraph 9 of IFRS 16, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The entity has two approaches to adopting the new standard:

a) the complete retrospective approach;

b) the modified retrospective approach (cumulative catch-up effect method).

According to the first approach, the entity applies IFRS 16 as if it had always applied it, requesting the modification of the comparative periods, while according to the modified approach the cumulative impact deriving from the application of IFRS 16 is accounted for as an adjustment to the initial shareholders' equity of the accounting period in which the new standard is applied for the first time.

In turn, this simplified approach envisages two variants.

In the first variant of the modified retrospective approach, the asset consisting of the right of use is recognized, at the date of initial application (1 January 2019), at an amount equal to the lease liability, using the current marginal borrowing rate of the entity.

In the second variant of the modified retrospective approach, the right-of-use asset is calculated retrospectively (i.e. as if IFRS 16 had always been in force) unless practical expedients can be used to use the marginal borrowing rate prevailing at the date of initial application (in place of the rate prevailing at the start of the lease or the implied rate of the lease). Also in this case, the comparative period is not restated; therefore the comparability will be reduced with respect to the full retrospective method.

The second variant of the modified retrospective approach is more complex as it requires the retrospective calculation of the asset consisting of the right of use.

However, full retrospective application is simpler since the entity has practical expedients at its disposal, such as, for example, the use of the marginal borrowing rate at the date of first application of the standard. The difference between the asset and the liability recognized at the date of initial application is recorded as an adjustment to the opening balance of shareholders' equity.

For the adoption of the new IFRS 16 standard, the Company used the modified retrospective approach, recognizing the financial liability on the basis of the present value of future instalments based on the incremental cost of the payable as at 1 January 2019 and recognizing the value of the right of use at a value equal to the liabilities.

IFRS accounting standards, amendments and interpretations applied from 1 January 2022
With two EU regulations of 2021 (no. 2021/25 and no. 2021/1080), the European Commission amended some IAS and IFRS international accounting standards: these are formal amendments that add little to the accounting standards concerned; however, they have the effect of simplifying processes and clarifying practical doubts raised by users.

The companies will apply the amendments at the latest from the start date of the first financial year beginning on or after 1 January 2022, although early application is permitted.

With EU Regulation no. 2021/25 of the Commission of 13 January 2021, regulation no. 1126/2008 was amended, to take into account the amendments already introduced on 27 August 2020 by the International Accounting Standards Board with the publication of the "Reform of the interest rate benchmarks - phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16", in regulatory coordination. Subsequently, with a similar measure, a further intervention was made (EU Regulation no. 2021/1080), to the general framework of international accounting practices.

This intense updating activity has been promoted by the IASB since 14 May 2020, with several amendments to the IFRS international accounting standards. The package of amendments, adopted at the time, included interventions limited to three standards (IFRS 3, IAS 16 and IAS 37) as well as the annual improvements of the IASB (Annual Improvements 2018-2020), which consist of non-substantial amendments to clarify the formulation or correction of minor inconsistencies, oversights or conflicts between the various requirements envisaged by international standards.

In a nutshell:

- the amendments to IFRS 3 - Business combinations update the reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;

- the amendments to IAS 16 - Property, Plant and Equipment prohibit an enterprise from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the enterprise is preparing the asset for its intended use (such as, for example, income from the sale of prototypes). Instead, a company must recognize this income and the related cost in the income statement;

- the amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets specify which costs a company must include in assessing whether a contract will be a onerous contract.

The 2018-2020 annual improvements make minor changes to IFRS 1 - First-time Adoption of International Financial Reporting Standards and to IFRS 9 - Financial Instruments.
All amendments will be effective from 1 January 2022 but early application is permitted, subject to specific indication in the explanatory notes.

Amendments introduced with EU Regulation No. 2021/25

The European Commission also took into account the amendments introduced on 27 August 2020 by the International Accounting Standards Board with the publication "Reform of the reference indexes of interest rates - phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16". The amendments to the standards in question outline a specific accounting treatment capable of spreading over time the changes in the value of financial instruments or lease contracts, consequent to the effective replacement of the reference indices for determining the existing interest rates with alternative reference rates. In this way, also in the transition to the new reference rates, immediate repercussions on profit or loss for the year and possible discontinuation of hedging relationships should be avoided (so-called hedge accounting).

Companies must apply the amendments at the latest from the start date of their first financial year beginning on or after 1 January 2021.

The table below shows the thematic macro-areas subject to amendment and integration by EU Regulation no. 2021/25, referring to the international standards affected by the reference rate reform.

Accounting standard	Change
IAS 39 "Financial instruments: recognition and measurement" - IFRS 9 "Financial instruments"	- Basic changes in the determination of contractual cash flows - Cash flow hedges and Hedges of a net investment - Designation of risk components - Accounting for hedging transactions - Measurement of retroactive effectiveness
IFRS 7 "Financial instruments: Disclosures"	Additional disclosures are envisaged, such as: - nature and extent of risks deriving from financial instruments - progress in the completion of the transaction towards alternative reference rates
IFRS 4 "Insurance contracts"	- Provisions for the insurer applying the temporary exemption from IFRS 9 - Changes in the basis for determining contractual cash flows
IFRS 16 "Leases"	- Change in the basis for determining future lease payments and lease accounting

The amendments introduced with EU Regulation No. 2021/1080

With EU Regulation no. 2021/1080 of 28 June 2021, the Commission intervened to amend, as from 1 January 2022, a series of additional accounting standards: international accounting standards (IAS) 16, 37 and 41 and the International Financial Reporting Standards (IFRS) 1, 3 and 9.

The regulation establishes that companies must apply, starting from the start date of their first financial year beginning on 1 January 2022 or, subsequently, the amended accounting standards indicated in the annex to the regulation, i.e.:

- IAS 16 - Property, Plant and Equipment;

- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets;
- IAS 41 - Agriculture;
- IFRS 1 - First-time Adoption of International Financial Reporting Standards;
- IFRS 3 - Business combinations;
- IFRS 9 - Financial instruments;
- IAS 16 - Property, plant and equipment.

With particular reference to IAS 16 - Property, plant and equipment, the financial statements must indicate:

- the amount of expenses recognized in the carrying amount of an item of property, plant and equipment during its construction; and

- the amount of contractual commitments in place for the purchase of property, plant and equipment.

In addition, if not presented separately in the statement of comprehensive income, the financial statements must also indicate:
a) the amount of compensation from third parties charged to profit or loss for items of property, plant and equipment that have been impaired, lost or given up; and
b) the amounts of income and costs charged to profit or loss that relate to items produced that are not the result of ordinary activities of the entity, and which items of the statement of comprehensive income include such income and costs.

With regard to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, the amendment defines as onerous a contract in which the non-discretionary costs necessary for the fulfilment of the assumed obligations exceed the economic benefits that are expected to be obtained from the same contract. The non-discretionary costs envisaged by a contract reflect the minimum net cost of termination of the contract, i.e. the lower of the cost necessary for performance and any compensation or penalty deriving from non-performance.

With regard to the amendments made to IFRS 3 - Business combinations, it is established that at the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired and liabilities assumed and any minority interest in the acquired company.

With regard to Contingent liabilities and liabilities falling within the scope of application of IAS 37 or IFRIC 21, IAS 37 defines a contingent liability as:

a) a possible obligation that derives from past events and whose existence will be confirmed only by the occurrence, or otherwise, of one or more uncertain future events not entirely under the control of the entity; or

b) a present obligation that arises from past events, but which is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- the amount of the obligation cannot be determined with sufficient reliability.

The acquirer must recognize, at the acquisition date, a contingent liability assumed in a business combination if it is a present obligation arising from past events, and whose fair value can be reliably determined.

A.3 INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the year, no transfers were made between portfolios of financial assets.

A.4 INFORMATION ON FAIR VALUE

Qualitative disclosure

IFRS 13 - "Fair Value Measurement" defines fair value as the consideration for which an asset can be exchanged, or a liability settled, between knowledgeable and willing parties, in a transaction between third parties.

This value is therefore configured as an "exit price" that reflects the characteristics of the asset or liability subject to valuation that would be considered by a third-party market participant view. The fair value measurement refers to an ordinary transaction carried out or executable between market participants, where a market means:

the main market, i.e. the market with the highest volume and level of transactions for the asset or liability in question to which the Company has access;

or, in the absence of a main market, the most advantageous market, i.e. the market in which it is possible to obtain the highest price for the sale of an asset or the lowest purchase price for a liability, also taking into account the costs of transaction.

The IAS / IFRS international accounting standards have introduced a classification of the methods used to determine the fair value, in order to guarantee a more complete disclosure on the level of discretion in the valuation of the financial instruments recorded in the financial statements. The fair value hierarchy is defined on the basis of the input data (with reference to their origin, type and quality) used in the models for determining the fair value and not on the basis of the valuation models themselves; in this regard, the highest priority is given to Level 1 inputs.

Fair value determined on the basis of level 1 inputs

The fair value is determined on the basis of observable inputs, i.e. prices quoted in active markets for the financial instrument, to which the entity can access at the valuation date of the instrument. The existence of prices in an active market is the best evidence of fair value and therefore these prices represent the inputs to be used as a priority in the valuation process.

Fair value determined on the basis of level 2 inputs

If there are no prices recorded on active markets, the fair value is determined by using prices recorded on markets that are not active or by means of valuation models that adopt market inputs. The valuation is carried out through the use of parameters that are directly or indirectly observable, such as, for example, prices listed on active markets for similar assets or liabilities, observable parameters such as interest rates or yield curves, implicit volatility, advance payment risk, default rates and illiquidity factors.

Fair value determined on the basis of level 3 inputs

The valuation is determined through the use of significant inputs that cannot be inferred from the market, which therefore involve the adoption of estimates and internal assumptions.

A.4.1 *Fair value* levels 2 and 3: valuation techniques and inputs used

This paragraph provides information on the valuation techniques and inputs used to determine the fair value of the assets and liabilities measured at fair value in the Company's financial statements and those for which the fair value is only provided for disclosure purposes.

Assets and Liabilities whose fair value is provided for disclosure purposes

Financial assets

With regard to ***receivables from banks***, it is believed that the book value is an adequate approximation of the fair value, an aspect that entails the classification in level 3 of the hierarchy. The same approach is followed for ***trade receivables***, which normally consist of transactions with a maturity of less than three months.

Financial liabilities

All of the Company's liabilities, with the exception of lease payables, have a maturity of less than three months or undetermined and therefore the book value of recognition can be considered an adequate approximation of the fair value, an aspect that involves classification in level 3 of the hierarchy.

A.4.2 Processes and sensitivity of valuations

For financial instruments measured at fair value and classified in level 3 of the fair value hierarchy, the sensitivity analysis is not produced because the methods for quantifying the fair value do not allow the development of alternative assumptions regarding the non-observable inputs used for valuation purposes or because the effects deriving from the change in these inputs are not considered relevant.

A.4.3 Fair value hierarchy

With reference to the assets and liabilities measured at fair value on a recurring basis, the classification in the correct level of the fair value hierarchy is carried out by referring to the rules and methods envisaged in the company regulations. Any transfers to a different hierarchy level are identified on a monthly basis. By way of example, it should be noted that these transfers may result from the "disappearance" of the active listing market or from the use of a different valuation method that was not previously applicable.

A.4.4 Other information

There is nothing to report.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

Assets / Liabilities not measured at fair value or measured at fair value on a non-recurring basis	2021				2020			
	VB	Level 1	Level 2	Level 3	VB	Level 1	Level 2	Level 3
1. Financial assets measured at amortized cost	2,441,167			2,441,167	3,169,691			3,169,691
2. Tangible assets held for investment purposes								
3. Non-current assets held for sale and disposal groups								
Total	**2,441,167**			**2,441,167**	**3,169,691**	**-**	**-**	**3,169,691**
1. Financial liabilities measured at amortized cost	1,435,676			1,435,676	1,036,583			1,036,583
2. Liabilities associated with assets held for sale								
Total	**1,435,676**			**1,435,676**	**1,036,583**	**-**	**-**	**1,036,583**

PART B - INFORMATION ON THE BALANCE SHEET - ASSETS

Section 1 - Cash and cash equivalents - Item 10 121

1.1 Breakdown of item 10 "Cash and cash equivalents"

Description	2021	2020
Cash	121	345
Total	**121**	**345**

Section 4 - Financial assets measured at amortized cost - Item 40 2,441,167

4.1 Details of item 40 "Financial assets measured at amortized cost":
Receivables from banks

Breakdown	2021						2020					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3
1. Loans	**598,879**					**598,879**	**730,809**					**730,809**
1.1 Time deposits												
1.2 Current accounts	598,879					598,879	730,809					730,809
1.3 Receivables for services (to be specified)												
1.4 Repurchase agreements												
- of which: on government bonds												
- of which: on other debt securities												
- of which: on equity instruments												
1.5 Other loans												
2. Debt securities												
2.1 Structured securities												
2.2 Other debt securities												
Total	**598,879**					**598,879**	**730,809**					**730,809**

Receivables from banks only include current accounts held with the following banks:

Monte dei Paschi di Siena;

UBS;

Mediobanca;

Banca Finnat.

The current accounts in Mediobanca and Banca Finnat were opened to more efficiently manage the flow of fees with the so-called "omnibus" account, in turn activated after obtaining the authorization to hold the liquidity and financial instruments of customers.

Starting from 31 December 2021, cash and cash equivalents of customers who signed management contracts with SCM were included in the memorandum accounts, depositing the assets subject to the service with it.

4.3 Breakdown of item 40 "Financial assets measured at amortized cost": Loans to customers

Breakdown	2021						2020					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3	First and second stage	Third stage	Impaired acquired or originated	L1	L2	L3
1. Loans	**1,638,753**					**1,638,753**	**2,271,681**					**2,271,681**
1.1 Receivables for services	**1,638,753**					**1,638,753**	**2,271,681**					**2,271,681**
- for management	638,434					638,434	587,691					587,691
- for investment advice	253,332					253,332	454,365					454,365
- for other services	746,987					746,987	1,229,625					1,229,625
1.2 Repurchase agreements	**-**						**-**					
- of which on government bonds												
- of which on other debt securities												
- of which on equity securities												
1.3 Other loans	**-**						**-**					
2. Debt securities	**-**						**-**					
2.1 Structured securities												
2.2 Other debt securities												
Total	**1,638,753**					**1,638,753**	**2,271,681**					**2,271,681**

Receivables from customers essentially refer to fees still to be collected, relating to individual management mandates, advisory services and the distribution of insurance policies. Any performance fees relating to investment advisory services and asset management are also included.

The other services category includes fees deriving from the distribution of insurance products, as well as those relating to the generic advisory service.

A significant portion of loans to customers, accrued at the end of the year, was collected at the date of preparation of these financial statements.

4.4 Financial assets measured at amortized cost: gross value and total value adjustments

	Gross value					Total value adjustments				Total partial write-offs
	First stage	**of which: instruments with low credit risk**	**Second stage**	**Third stage**	**Impaired acquired or originated**	**First stage**	**Second stage**	**Third stage**	**Impaired acquired or originated**	
Debt securities										
Loans	598,879									
Other assets										
Total 2021	**598,879**									
Total 2020	**730,809**									

4.5 Financial assets measured at amortized cost: Receivables from financial advisors

Description	2021	2020
Advances on fees	203,535	167,201
Total	**203,535**	**167,201**

Section 8 - Tangible assets - Item 80 1,116,989

8.1 Tangible assets for functional use: breakdown of assets measured at cost

Description	2021	2020
1. Owned assets	**77,139**	**81,351**
a) land		-
b) buildings		-
c) furniture	46,900	62,058
d) electronic systems	14,582	9,868
e) others	15,657	9,425
2. Rights of use acquired through leasing	**1,039,850**	**507,792**
a) land		
b) buildings	938,347	407,644
c) furniture		
d) electronic systems		
e) others	101,503	100,148
Total	**1,116,989**	**589,143**

8.5 Tangible assets for functional use: annual changes

	Land	Buildings	Furniture	Electronic systems	Others	Total
A. Gross opening balances	**-**	**812,493**	**289,532**	**108,106**	**209,367**	**1,419,498**
A.1 Total net impairment losses	-	404,849	227,474	98,238	99,794	830,355
A.2 Net opening balances	**-**	**407,644**	**62,058**	**9,868**	**109,573**	**589,143**
B. Increases						
B.1 Purchases		739,358	550		65,035	**804,943**
B.2 Expenses for capitalized improvements						
B.3 Write-backs						
B.4 Positive changes in fair value charged to the						
a) shareholders' equity						
b) income statement						
B.5 Exchange gains						
B.6 Transfers from properties held for invest.						
B.7 Other changes			1	11,840		**11,841**
C. Decreases						
C.1 Sales				834	1,650	**2,484**
C.2 Amortization and depreciation		208,655	15,709	6,292	57,448	**288,104**
C.3 Impairment losses charged to the						
a) shareholders' equity						
b) income statement						
C.4 Negative changes in fair value charged to the						
a) shareholders' equity						
b) income statement						
C.5 Exchange losses						
C.6 Transfers to:						
a) tangible assets for investment						
b) assets held for sale						
C.7 Other changes						
D. Net closing balance	**-**	**938,347**	**46,900**	**14,582**	**117,160**	**1,116,989**
D.1 Total net impairment losses	-	613,504	243,183	104,530	157,242	1,118,459

D.2 Gross closing balance	**-**	**1,551,851**	**290,083**	**119,112**	**272,752**	**2,233,798**
E. Valuation at cost	**-**	**938,347**	**46,900**	**14,582**	**117,160**	**1,116,989**

IFRS 16 Disclosures

Leases summary	**2021**
Right-of-use assets:	**1,039,850**
- Lease payable Offices	*938,347*
- Long-term car rentals	*101,504*
Financial payables as at 31/12/2021:	**1,075,748**
- Lease payable Offices	*970,630*
- Long-term car rentals	*105,118*
Amortization and depreciation	**261,946**
- Lease payable Offices	*208,655*
- Long-term car rentals	*53,291*
Interest expense	**39,029**
- Lease payable Offices	*34,304*
- Long-term car rentals	*4,725*

Contract details	
Contract no.	**1**
Contract type	Long-term rental
Asset type	BMW X3 vehicle
Book value of right of use (Euro)	31,385
no. of months of depreciation	36
Monthly depreciation charge	872
annual accrued interest expense (Euro)	304
Principal portion paid during the year (Euro)	11,154
Residual financial debt as at 31 December 2021 (Euro)	0

Contract no.	**2**
Contract type	Long-term rental
Asset type	BMW X5 vehicle
Book value of right of use (Euro)	35,967
no. of months of depreciation	36
Monthly depreciation charge	999
annual accrued interest expense (Euro)	339
Principal portion paid during the year (Euro)	11,519
Residual financial debt as at 31 December 2021 (Euro)	0

Contract no.	**3**
Contract type	Long-term rental
Asset type	BMW 3 Series vehicle
Book value of right of use (Euro)	23,803
no. of months of depreciation	36
Monthly depreciation charge	661
annual accrued interest expense (Euro)	563
Principal portion paid during the year (Euro)	7,939

Residual financial debt as at 31 December 2021 (Euro)	6,925

Contract no.	**4**
Contract type	Long-term rental
Asset type	BMW X3 vehicle
Book value of right of use (Euro)	31,209
no. of months of depreciation	48
Monthly depreciation charge	650
annual accrued interest expense (Euro)	1,064
Principal portion paid during the year (Euro)	7,607
Residual financial debt as at 31 December 2021 (Euro)	17,121

Contract no.	**5**
Contract type	Long-term rental
Asset type	Volkswagen Tiguan
Book value of right of use (Euro)	10,128
no. of months of depreciation	36
Monthly depreciation charge	281
annual accrued interest expense (Euro)	434
Principal portion paid during the year (Euro)	3,209
Residual financial debt as at 31 December 2021 (Euro)	6,919

Contract no.	**6**
Contract type	Long-term rental
Asset type	BMW M340 vehicle
Book value of right of use (Euro)	40,794
no. of months of depreciation	48
Monthly depreciation charge	850
annual accrued interest expense (Euro)	1,774
Principal portion paid during the year (Euro)	9,679
Residual financial debt as at 31 December 2021 (Euro)	30,200

Contract no.	**7**
Contract type	Long-term rental
Asset type	BMW X5 xDrive
Book value of right of use (Euro)	45,518
no. of months of depreciation	36
Monthly depreciation charge	1,264
annual accrued interest expense (Euro)	265
Principal portion paid during the year (Euro)	1,565
Residual financial debt as at 31 December 2021 (Euro)	43,953

Contract no.	**8**
Contract type	Office rental
Asset type	Offices in Latina (LT)
Book value of right of use (Euro)	68,302
no. of months of depreciation	72
Monthly depreciation charge	949
annual accrued interest expense (Euro)	2,183

Principal portion paid during the year (Euro)	11,017
Residual financial debt as at 31 December 2021 (Euro)	37,645

Contract no.	**9**
Contract type	Office rental
Asset type	Vicenza (VI) offices
Book value of right of use (Euro)	79,362
no. of months of depreciation	72
Monthly depreciation charge	1,102
annual accrued interest expense (Euro)	2,703
Principal portion paid during the year (Euro)	12,747
Residual financial debt as at 31 December 2021 (Euro)	49,645

Contract no.	**10**
Contract type	Office rental
Asset type	Offices in Rome (RM) - Via Abbruzzi
Book value of right of use (Euro)	183,501
no. of months of depreciation	72
Monthly depreciation charge	2,549
annual accrued interest expense (Euro)	6,759
Principal portion paid during the year (Euro)	28,342
Residual financial debt as at 31 December 2021 (Euro)	122,866

Contract no.	**11**
Contract type	Office rental
Asset type	Milan (MI) offices
Book value of right of use (Euro)	284,503
no. of months of depreciation	30
Monthly depreciation charge	9,483
annual accrued interest expense (Euro)	1,133
Principal portion paid during the year (Euro)	60,307
Residual financial debt as at 31 December 2021 (Euro)	0

Contract no.	**12**
Contract type	Office rental
Asset type	Milan (MI) Offices - Renewal
Book value of right of use (Euro)	727,467
no. of months of depreciation	72
Monthly depreciation charge	10,104
annual accrued interest expense (Euro)	16,456
Principal portion paid during the year (Euro)	48,544
Residual financial debt as at 31 December 2021 (Euro)	678,922

Contract no.	**13**
Contract type	Office rental
Asset type	Piacenza offices
Book value of right of use (Euro)	20,410

no. of months of depreciation	57
Monthly depreciation charge	358
annual accrued interest expense (Euro)	540
Principal portion paid during the year (Euro)	4,314
Residual financial debt as at 31 December 2021 (Euro)	8,085

Contract no.	**14**
Contract type	Office rental
Asset type	Bergamo offices
Book value of right of use (Euro)	66,828
no. of months of depreciation	60
Monthly depreciation charge	1,114
annual accrued interest expense (Euro)	1,870
Principal portion paid during the year (Euro)	13,430
Residual financial debt as at 31 December 2021 (Euro)	28,948

Contract no.	**15**
Contract type	Office rental
Asset type	Flat (MI)
Book value of right of use (Euro)	59,484
no. of months of depreciation	48
Monthly depreciation charge	1,239
annual accrued interest expense (Euro)	2,661
Principal portion paid during the year (Euro)	13,839
Residual financial debt as at 31 December 2021 (Euro)	44,518

Section 9 - Intangible assets - Item 90 — 123,804

9.1 Breakdown of "Intangible assets"

Description	2021		2020	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill				
2. Other intangible assets	**123,804**		**65,413**	
2.1 generated internally				
2.2 others	123,804		65,413	
Total	**123,804**		**65,413**	

The item "Intangible assets" consists exclusively of investments in software developments.

9.2 "Intangible assets": annual changes

Description	Total
A. Opening balance	**65,413**
B. Increases	**91,536**
B.1 Purchases	91,536
B.2 Write-backs	
B.3 Positive changes in fair value	
- to shareholders' equity	
- to the income statement	
B.4 Other changes	
C. Decreases	**33,145**
C.1 Sales	
C.2 Amortization and depreciation	33,145
C.3 Value adjustments	
- to shareholders' equity	
- to the income statement	
C.4 Negative changes in fair value	
- to shareholders' equity	
- to the income statement	
C.5 Other changes	
D. Closing balance	**123,804**

Section 10 - Tax assets and Tax liabilities 897,246

Item 100 of assets and Item 60 of liabilities

10.1 Breakdown of tax assets: current and deferred

Description	2021	2020
A. Current taxes		-
IRES credit	1,361	-
IRAP tax down payment	500	10,145
IRAP credit from ACE	65,277	67,845
IRAP credit	5,446	35,799
Total A	**72,584**	**113,789**
B. Deferred tax assets		-
Offsetting entry in the income statement	808,957	810,445
Equity offset	18,366	13,973
Total B	**827,323**	**824,418**
Total A + B	**899,907**	**938,207**

The item includes the IRAP credit generated by the exceeding ACE that the company determined in compliance with Italian Law Decree 91/2014 and following the clarifications contained in Circular 21/E of 3 June 2015 issued by the Inland Revenue Agency.

10.2 Breakdown of "Tax liabilities: current and deferred"

Description	2021	2020
A. Current taxes		
IRAP payables	-	-
Total A	**-**	**-**
B. Deferred taxes		
Offsetting entry in the income statement	-	-
Equity offset	2,661	2,661
Total B	**2,661**	**2,661**
Total A + B	**2,661**	**2,661**

10.3 Changes in deferred tax assets (with balancing entry in the income statement)

Description	2021	2020
1. Opening balance	**810,445**	**812,978**
2. Increases		**-**
2.1 Deferred tax assets recognized during the year		-
a) relating to previous years		
b) due to changes in accounting standards		
c) write-backs		
d) others		
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**1,488**	**2,533**
3.1 Deferred tax assets cancelled during the year	1,488	1,032
a) reversals	1,488	1,032
b) write-downs due to non-recoverability		
c) due to changes in accounting policies		
d) others		
3.2 Reductions in tax rates		
3.3 Other decreases		1,501
4. Final amount	**808,957**	**810,445**

10.5 Changes in deferred tax assets (with balancing entry in shareholders' equity)

Description	2021	2020
1. Opening balance	**13,973**	**10,851**
2. Increases	**4,393**	**5,381**
2.1 Deferred tax assets recognized during the year	4,393	3,881
a) relating to previous years		
b) due to changes in accounting standards		
c) write-backs		
d) others	4,393	3,881
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	1,500
3. Decreases	**-**	**2,259**
3.1 Deferred tax assets cancelled during the year	-	2,259
a) reversals		2,259
b) write-downs due to non-recoverability		
c) due to changes in accounting policies		
d) others		
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Final amount	**18,366**	**13,973**

Deferred tax assets on previous tax losses were recognized in the financial statements as it is believed that the company will be able to reabsorb the aforementioned temporary differences in a limited time period, based on the economic projections approved by the Board of Directors.

The main temporary differences that led to the recognition of deferred and prepaid taxes are summarized in the following table together with the related tax effects.

For each of the components shown below, prepaid and deferred taxes were allocated with an IRES rate of 24% and an IRAP rate of 5.57%.

Deductible temporary differences	**YEAR 2021**		**YEAR 2020**		**INCREASES 2021**		**RECOVERIES 2021**	
	IRES	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**
Previous tax losses	3,318,117		3,324,315	-	-	-	6,198	-
Credit value adjustments	52,540		52,540	-	-	-	-	-
Directors	-		-	-	-	-	-	-
Employee severance indemnity IAS 19	76,524		58,218	-	18,306	-	-	-
Total deductible temporary differences	**3,447,181**		**3,435,073**	**-**	**18,306**	**-**	**6,198**	**-**
Summary of deferred tax assets	**IRES**	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**
Total deductible temporary differences	3,447,181	-	3,435,073	-	18,306	-	6,198	-
Total deferred tax assets	**827,323**	**-**	**824,418**	**-**	**4,393**	**-**	**1,488**	**-**

Taxable temporary differences	**YEAR 2021**		**YEAR 2020**		**INCREASES 2021**		**RECOVERIES 2021**	
	IRES	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**
Difference from AFS valuation	11,087	-	11,087	-	-	-	-	-
Total taxable temporary differences	**11,087**	-	**11,087**	-	-	**-**	-	**-**

Summary of deferred tax liabilities	**IRES**	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**	**IRES**	**IRAP**
Total deductible temporary differences	11,087	-	11,087	-	-	-	-	-
Total provision/taxes	**2,661**	-	**2,661**	-	**-**	**-**	**-**	**-**

Section 12 - Other assets - Item 120 **611,715**

12.1 Breakdown of "Other assets"

Description	2021	2020
Advances to suppliers	112,411	54,257
Bonds receivable	31,068	31,229
Receivables for substitute tax on asset management	-	17,880
Tax Authorities - VAT	47,725	-
R&D credit	46,199	-
Receivables from social security institutions	6,344	414
Credit Notes to be issued	(3,720)	-
Prepayments	363,825	245,818
Other assets	7,863	16,241
Total	**611,715**	**365,838**

PART B - INFORMATION ON THE BALANCE SHEET LIABILITIES

Section 1 - Financial liabilities measured at amortized cost - Item 10 1,435,676

1.1 Breakdown of "Financial liabilities at amortized cost": "Payables"

1.1 PAYABLES	2021			2020		
	To banks	To financial companies	To customers	To banks	To financial companies	To customers
1. Loans						
1.1 Repurchase agreements						
1.2. Loans						
2. Lease payables			1,075,748			527,028
3. Other payables		1,907			2,992	
Total	**-**	**1,907**	**1,075,748**	**-**	**2,992**	**527,028**
Fair value - level 1						
Fair value - level 2						
Fair value - level 3		*1,907*	*1,075,748*		*2,992*	*527,028*
Total fair value	**-**	**1,907**	**1,075,748**	**-**	**2,992**	**527,028**

For IFRS 16 disclosure, please refer to point 8.5 "Property, plant and equipment used in operations: annual changes"

1.3 Payables to financial advisors

1.2 PAYABLES TO ADVISORS	2021	2020
Invoices/credit notes received from advisors	856	1,500
Invoices/credit notes to be received by advisors	357,165	505,063
Total	**358,021**	**506,563**

Section 6 - Tax liabilities - Item 60 2,661

Please refer to section 10 of the assets.

Section 8 - Other liabilities - Item 80 588,663

8.1 Breakdown of "Other liabilities"

Description	2021	2020
Payables to employees and collaborators	26,000	6,500
Social security and welfare payables	85,006	59,086
Withholding taxes and surcharges	75,994	72,333
Payable for substitute management tax	44,949	-
Payables to suppliers	26,015	70,187
Payables to suppliers for invoices and notes to be received	97,804	108,023
Payables to Statutory Auditors for invoices to be received	19,520	27,040
Sundry payables	28,550	48,424
Accrued expenses and deferred personnel expenses	184,825	158,489
VAT payables	-	122,533
Total other liabilities	**588,663**	**672,615**

Most of the payables were paid off in the early months of 2022.

Section 9 - Post-employment benefits - Item 90 197,649

9.1 "Employee severance indemnities": annual changes

Description	2021	2020
A. Opening balance	**162,612**	**141,015**
B. Increases	**44,741**	**30,766**
B.1 Provisions for the year	26,435	27,551
B.2 Other increases	18,306	3,215
C. Decreases	**9,704**	**9,169**
C.1 Settlements made	9,704	9,169
C.2 Other decreases	-	-
D. Closing balances	**197,649**	**162,612**

9.2 Other information

In compliance with the regulations of the supplementary forms of pension, the employee severance indemnity accrued was transferred to external Pension Funds, with the exception of those employees who opted to keep it at the company.

Post-employment benefits accrued up until 31 December 2021 were discounted on the basis of the technical-actuarial assumptions and valuations under IAS and described in Part A - Accounting Policies.

In particular, it should be noted that the analysis was carried out by using financial assumptions that refer to mortality, termination of the company, requests for advances, trend in the real purchasing power of money, succession of investment rates of the sums available.

Section 11 - Equity - Items 110, 120, 130, 140, 150 and 160 3,240,253

11.1 Breakdown of "Capital"

Types	2021	2020
1. Capital	**2,006,240**	**2,006,240**
1.1 Ordinary shares	2,006,240	2,006,240
1.2 Other shares	-	-

The approved share capital amounts to euro 2,406,240.

The subscribed and paid-up share capital amounts to euro 2,006,240, divided into 2,006,240 registered shares.

11.4 Breakdown of "Share premium reserve"

Types	2021	2020
Reserves - item 140	**1,076,103**	**1,215,582**
Share premium reserve	1,076,103	1,215,582

11.5 Other information

Types	2021	2020
Reserves - item 150	**212,790**	**212,790**
Profit from previous years	204,364	204,364
Reserve from future share capital increase	0	0
FTA reserve	8,426	8,426
Reserves - item 160	**(54,880)**	**(40,967)**
Post-employment benefits (TFR) valuation reserve	(54,880)	(40,967)

PART C - INFORMATION ON THE INCOME STATEMENT

Section 3 - Gains (losses) on disposal or repurchase - Item 30 (152)

3.1 Breakdown of gains (losses) on disposal or repurchase

Items/income components	2021			2020		
	Profit	Loss	Net profit/loss	Profit	Loss	Net profit/loss
1. Financial assets						
1.1. Financial assets measured at amortized cost:		(152)	(152)			
- from banks						
- from financial companies						
- from customers		(152)	(152)			
1.2 Financial assets at fair value through profit or loss comprehensive income:						
- debt securities						
- loans						
Total	**-**	**(152)**	**(152)**	**-**	**-**	**-**
2. Financial liabilities measured at amortized cost						
2.1 Payables						
2.2 Outstanding securities						
Total	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**-**	**(152)**	**(152)**	**-**	**-**	**-**

Section 5 - Fees - Items 50 and 60 3,894,604

5.1 Breakdown of "Fee and commission income"

Detail	2021	2020
1. Trading on own account	-	-
2. Execution of orders on behalf of customers	-	-
3. Placement and distribution	1,191,487	1,584,766
- of securities	-	-
- of third-party services:	1,191,487	1,584,766
portfolio management	-	-
collective management	-	-
insurance products	*1,191,487*	*1,584,766*
others	-	-
4. Portfolio management	3,252,402	1,962,043
- own funds	3,252,402	1,962,043
- delegated to third parties	-	-
5. Receipt and transmission of orders	-	-
6. Investment advice	1,425,383	1,214,824
7. Financial structure advice	471,158	767,300
8. Management of multilateral trading facilities	-	-
9. Management of organized trading systems	-	-
10. Custody and administration		
11. Currency trading	-	-
12. Other services	-	-
Total	**6,340,430**	**5,528,933**

The fees deriving from the distribution of insurance policies are recorded in sub-item 3 “Placement and distribution”.

5.2 Breakdown of "Fee and commission expense"

Detail	2021	2020
1. Trading on own account	-	-
2. Execution of orders on behalf of customers	-	-
3. Placement and distribution	888,845	1,143,009
- of securities		
- of third-party services:	888,845	1,143,009
portfolio management		
others	*888,845*	*1,143,009*
4. Portfolio management	935,035	674,335
- own funds	*935,035*	*674,335*
- delegated to third parties		
5. Collection of orders	-	-
6. Investment advice	420,434	434,189
7. Custody and administration	-	-
8. Other services	201,512	68,129
Total	**2,445,826**	**2,319,662**

Section 6 - Interest - Items 70 and 80 (39,029)

6.4 Breakdown of “Interest expense and similar charges”

Items/Technical forms	Repurchase agreements	Other loans	Securities	Other transactions	2021	2020
1. Financial liabilities measured at amortized cost				39,029	39,029	27,815
1.1.Towards banks						-
1.2.Towards financial companies						-
1.3.Towards customers				*39,029*	*39,029*	*27,815*
1.4.Outstanding securities				-	-	-
2. Financial liabilities held for trading				-	-	-
3. Financial liabilities designated at fair value				-	-	-
4. Other liabilities				-	-	-
5. Hedging derivatives				-	-	-
6. Financial assets				-	-	-
Total	-	-	-	39,029	**39,029**	**27,815**
of which: interest on lease payables				*39,029*	*39,029*	*27,815*

Section 8 - Net value adjustments/write-backs for credit risk - Item (82,932)

8.1 Breakdown of “Net value adjustments/write-backs for credit risks relating to financial assets measured at amortized cost”

Items/Adjustments	Value adjustments						Write-backs				2021	2020
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated	Total	Total
			Write off	Others	Write off	Others						
1. Debt securities												
2. Loans												
3. Customers				(82,932)							(82,932)	(30,172)
Total				**(82,932)**							**(82,932)**	**(30,172)**

Section 9 - Administrative expenses - Item 140 (3,761,913)

9.1 Breakdown of "Personnel expenses"

Items/Sector	2021	2020
1. Employees	1,696,900	1,474,561
a) wages and salaries	1,200,444	1,038,539
b) social security charges	359,036	310,396
c) severance pay		-
d) social security expenses	54,914	76,197
e) provision for employee termination indemnities	25,487	26,479
f) allocation to the provision for pensions and similar obligations:	-	-
- defined contribution		
- defined benefits		
g) payments to external supplementary pension funds:	55,097	18,991
- defined contribution	55,097	*18,991*
- defined benefits		-
h) other employee benefits	1,922	3,959
2. Other personnel in service	-	-
3. Directors and Statutory Auditors	213,934	207,608
4. Retired personnel	-	-
5. Expense recoveries for employees seconded to other companies	-	-
6. Reimbursement of expenses for employees seconded to the company	-	-
Total	**1,910,834**	**1,682,169**

9.2 Average number of employees broken down by category

Category	No. of employees year end	Average no. of employees
Executives	3	3.00
Middle managers	7	7.08
Remaining personnel	4	4.30
Total	**14**	**14.38**

9.3 Breakdown of "Other administrative expenses"

Type	2021	2020
Rents and related expenses	57,643	67,801
Other expenses	56,993	67,069
Insurance	116,914	90,670
Stationery and printed materials	12,705	12,236
Administrative, tax and other services	463,177	388,011
Membership fees	43,664	34,921
Consultant contributions (Enasarco, Firr)	49,492	53,482
Legal formalities - taxes - fees - stamps	13,842	15,861
Training	20,672	33,349
Non-deductible VAT	150,809	153,655
Car rentals and expenses	69,396	47,086
Outsourcing	268,521	236,895
Risk Management and Internal Audit	53,980	52,110
Commercial expenses and Events	117,628	23,273
IT costs	117,648	139,570
Legal and notary expenses	137,703	111,798
Audit expenses	49,817	34,003
Utilities	32,545	26,722
Travel and transfers	17,930	24,013
Grand total	**1,851,079**	**1,612,524**

Section 11 - Net value adjustments/write-backs on tangible assets (288,104)

11.1 Breakdown of "Net value adjustments/write-backs on tangible assets"

Items/Value adjustments and write-backs	YEAR 2021				YEAR 2020			
	Amortization and depreciation (a)	Impairment losses (b)	Write-backs (c)	Net profit/loss	Amortization and depreciation (a)	Impairment losses (b)	Write-backs (c)	Net profit/loss
1. For functional use	**288,104**			**288,104**	**252,951**	**-**	**-**	**252,951**
- Owned	26,158			26,158	25,830			25,830
- Rights of use acquired through leasing	261,946			261,946	227,121			227,121
2. Held for investment purposes					-	-	-	-
- Owned								
- Rights of use acquired through leasing								
Total	**288,104**			**288,104**	**252,951**	**-**	**-**	**252,951**

Section 12 – Net value adjustments/write-backs on intangible assets (33,145)

12.1 Breakdown of "Net value adjustments/write-backs on intangible assets"

Items/Value adjustments and write-backs	2021				2020			
	Amortization (a)	Impairment losses (b)	Write-backs (c)	Net profit/loss	Amortization (a)	Impairment losses (b)	Write-backs (c)	Net profit/loss
1. Intangible assets other than goodwill	**33,145**	**-**	**-**	**33,145**	**29,149**	**-**	**-**	**29,149**
2.1 owned	33,145			33,145	29,149			29,149
- generated internally								
- others	*33,145*			*33,145*	*29,149*			*29,149*
2.2 Rights of use acquired through leasing								
Total	**33,145**			**33,145**	**29,149**	**-**	**-**	**29,149**

Section 13 - Other operating income and expenses - Item 180 43,526

13.1 Breakdown of "Other operating income and expenses"

Operating income	2021	2020
Chargeback of fees for use of spaces	22,600	28,093
Reimbursement of expenses	24,257	20,233
Other income	89,672	289,423
Chargeback for advisory services	9,933	5,407
Total	**146,462**	**343,156**

Operating expenses	2021	2020
Sanctions	2,959	1,803
Other charges	99,977	75,347
Total	**102,936**	**77,150**

Section 18 - Income taxes for the year on current operations - Item 250 (4,056)

18.1 Breakdown of "Income taxes for the year on current operations"

Description	2021	2020
1. Current taxes	(12,222)	(946)
2. Changes in current taxes of previous years	446	10,298
3. Reduction in current taxes for the year	9,208	10,095
3bis. Reduction of current taxes e.g. for receivables Law 214/2012		
4. Change in deferred tax assets	(1,488)	577
5. Change in deferred taxes		
Taxes for the year	**(4,056)**	**20,024**

18.2 Reconciliation between theoretical tax expense and actual tax expense in the financial statements

Description	IRES		IRAP	
	Taxable amount	Tax	Taxable amount	Tax
Profit before tax	**(267,143)**		**1,939,509**	
Theoretical tax rate	24.00%	-	5.57%	108,031
Non-deductible/non-taxable differences	159,518		(1,720,085)	
Taxable income for the reversal of temporary differences	**(107,625)**		**219,424**	
Taxable income	**(107,625)**	**-**	**219,424**	12,222
Transformation of ACE (Aid for Economic Growth) into IRAP credit				**(9,208)**
Actual tax burden in the financial statements	-			3,014
Effective tax rate	0.00%		0.16%	

PART D - OTHER INFORMATION

SECTION 1 - SPECIFIC REFERENCES ON THE ACTIVITIES CARRIED OUT

C. PORTFOLIO MANAGEMENT ACTIVITIES

C.1 *Total value of portfolio management*

Description	2021		2020	
	Own management	Management under delegation	Own management	Management under delegation
1. Debt securities	55,658,029		60,759,236	
of which: government bonds	*2,061,208*		8,745,174	
2. Equity securities	20,315,500		4,394,611	
3. UCITS units	102,798,997		72,464,968	
4. Derivative instruments				
- financial derivatives				
- credit derivatives				
5. Other assets	27,379,623		20,966,622	
6. Liabilities				
Total managed portfolios	**206,152,149**	**-**	**158,626,836**	**-**

Other assets mainly include the liquidity of managed customers.

The difference with respect to the overall figure in the report on operations is due to the fact that this last figure takes into account the settlement of transactions at the value date.

C.2 *Own and delegated management: operations in the year*

Description	Counter value		
	Transactions with group counterparties	Transactions with other counterparties	SIM transactions
A. Own management			
A1. Purchases during the year	-		-
A.2 Sales during the year	-		-
B. Management under delegation			
B.1 Purchases during the year	-		
B.2 Sales during the year	-		

C.3 *Own management: net deposits and number of contracts*

Description	2021	2020
Funding for the year	110,388,038	15,040,176
Repayments during the year	74,893,013	8,047,001
Number of contracts	452	289

D. PLACEMENT ACTIVITIES

The company provides an accessory service for the distribution of insurance products, whose object is standardized proposals with the aim of providing adequate coverage of the needs of its customers.

The distribution of insurance contracts by SCM SIM and the relative employees recorded in section E is carried out solely with reference to the placement of standardized insurance contracts, as required by art. 41 of IVASS Regulation 5/2006.

In 2021, the company placed new insurance products with a total value of premiums of around euro 28 million.

On 4 May 2016, the SIM obtained, with Consob resolution no. 19599, the authorization to carry out the placement of financial instruments without an irrevocable commitment towards the issuer.

In this context, the company distributes the shares of the "Secondo Pensione" fund of SGR Amundi. The number of contracts outstanding as at 31 December 2021 was **200**.

The company intends to further boost this activity by entering into placement agreements with other product companies, in order to expand the range of products and services offered to customers.

F. INVESTMENT ADVICE

The number of advisory contracts in place as at 31 December 2021 was **90**.

SECTION 2 - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

2.1 MARKET RISKS

The Company is not specifically subject to this type of risk from a regulatory point of view as it is not authorized to trade on its own account and to placement as collateral. Moreover, in consideration of the nature of the activity carried out by the SIM, the type of investments represented by current account deposits and financial assets with a short-term residual life that can be readily liquidated and the absence of any form of indebtedness, it is believed that the SIM is not exposed to any significant market risks.

INTEREST RATE RISK

It expresses the risk deriving from potential changes in interest rates. The Company is not exposed to this risk since at 31 December 2021 it did not have a proprietary portfolio invested in securities.

PRICE RISK

The SIM is not exposed to this type of risk as it does not hold securities in its portfolio. For this reason, the Company has not developed specific models for price risk analysis.

CURRENCY RISK

It expresses the risk associated with holding or assuming positions in foreign currency. SCM SIM is not exposed to this risk as it has no current accounts in currencies other than the euro, nor positions in gold or on financial instruments denominated in currencies other than the euro.

Impacts deriving from the Covid-19 pandemic

The investment company is not substantially exposed to this type of risk.

2.2 OPERATIONAL RISKS

QUALITATIVE INFORMATION

1. General aspects

Operational risk means the possibility of incurring losses deriving from inadequacy or malfunctions of:

- ***human resources***: these are factors relating to any errors, fraud, violation of internal rules and procedures and, in general, problems of incompetence or negligence on the part of SIM personnel or financial advisors;
- ***systems and technology***: these events include problems relating to information systems, application programming errors, outages in the IT or telecommunications network;
- ***processes***: these are events related to breaches of IT security caused by a poor internal control system, transaction settlement errors, accounting errors and transaction documentation errors, errors in risk measurement systems caused by inadequate models and methodologies;

- ***external factors***: this category of events includes all those events that are beyond the control of the SIM; examples may be changes in the tax, regulatory, legislative or political context that may negatively affect profitability or criminal acts or vandalism committed by parties outside the SIM or harmful natural events.

Impacts deriving from the Covid-19 pandemic

The COVID-19 pandemic has not led to changes in risk management or risk measurement and control systems. In particular, no changes were made in the assessment of operational risks, since no particular changes were recorded from an operational point of view.

2.3 <u>CREDIT RISK</u>

QUALITATIVE INFORMATION

This item expresses the risk of loss due to default by debtors. The Company is mainly exposed to it because of its deposits with other intermediaries, as well as due to its exposure to Financial Advisors for advances granted at the start of operations.

The assessment of any credit risk on advances disbursed to financial advisors is carried out periodically by the Management, through a comparison with the ability of the financial advisors to generate fees; if the production capacity of financial advisors shows risks about the recovery of the advance disbursed, the Management assesses any reductions and agrees on a repayment plan. In the event of resignation, financial advisors are required to repay the advances obtained; any anomalies in the reimbursement are monitored by the Management, in coordination with lawyers external to the SIM, in order to proceed with the related recovery.

Impacts deriving from the Covid-19 pandemic

The COVID-19 pandemic has not led to changes in risk management or risk measurement and control systems. In particular, no changes were made in the assessment of credit risks, since fees continued to be collected regularly.

QUANTITATIVE INFORMATION

Large exposures

Pursuant to current supervisory regulations, the company does not have situations that could be considered as "significant risks".

2.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General aspects, liquidity risk management processes and measurement methods

Liquidity risk management is based on proportionality criteria and takes into account the operational specificities of the SIM. The risk was identified as the possibility that the SIM may not be able to fulfil its obligations relating to the payment of salaries to personnel, fees to Financial Advisors and invoices received, with specific reference to cash commitments. This risk is deemed as low because the SIM's own assets are kept liquid.

QUANTITATIVE INFORMATION

Time distribution by residual contractual duration of financial assets and liabilities - Currency of denomination: EURO

Items/Time brackets	Sight	From 1 day to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 3 years	From 3 years to 5 years	Over 5 years
Cash assets	**599,000**				**1,842,288**					
A.1 Government bonds										
A.2 Other debt securities										
A.3 Loans										
A.4 Other assets	599,000				1,842,288					
Cash liabilities	**-**	**-**	**1,907**	**395,543**	**22,507**	**58,381**	**117,545**	**458,686**	**307,490**	**73,617**
B.1 Payables to										
- Banks										
- Advisors				358,021						
- Financial companies			1,907							
- Customers										
B.2 Debt securities										
B.3 Other liabilities				37,522	22,507	58,381	117,545	458,686	307,490	73,617
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
C.2 Financial derivatives without exchange of capital										
C.2 Loans to be received										

Note that there are no cash assets and liabilities with a maturity of more than 6 years or with an indefinite duration.

REGULATORY UPDATE

EU Regulation 2019/2033 (IFR) and EU Directive 2019/2034 (IFD) outlined the new regulatory framework for investment firms (SIM).

The new rules have simplified the system previously in force by strengthening the principle of proportionality for this type of intermediary.

The SIM is not part of the investment companies that, in relation to the total value of consolidated assets, are considered "credit institutions" subject to the regulatory framework envisaged for Banks and, due to the authorization to hold the assets of customers, belongs to the category 2.

Calculation according to the k-factor method

The k-factor method introduced with the Regulation in question divides the SIM risks into three different types: Risk towards customers, Risk towards the market and Risk towards the company itself.

The total value of the exposures determined by the application of the K-factors representing the risks is equal to euro 90,520.
Details of the various types of risk are provided below.

CUSTOMER RISKS

Type of risk	K-factor		%
Risk to clients (RtC)	Assets under management - including advice (k-AUM)		0.02
	Client money held (k-CMH)	On separate accounts	0.4
		On non-separated accounts	0.5
	Assets held on behalf of clients (k-ASA)		0.04
	Client orders handled (k-COH)	Spot transactions	0.1
		Derivative transactions	0.01

The SIM is exposed to this type of risk and the quantification method adopted by the SIM to determine the requirement is the one deriving from the application of the k-factors envisaged by the regulations.

With respect to customer assets, the company is exposed for assets under management and advice (k-AUM), client money held (CMH), assets held (COH) and client orders handled (COH).

RtC (Risk to client) is representative of the SIM business areas that could cause damage to customers in the event of problems such as, for example, those deriving from incorrect discretionary management of portfolios or from their poor execution.
The K-ASA factor reflects the risk of safeguarding and administering customer assets and ensures that investment firms hold capital in proportion to the corresponding balances.

The K-CMH factor reflects the risk of potential damage in the case of an investment firm that holds the money of its customers, taking into account the fact that this appears on its own balance sheet or on third party accounts.

MARKET RISKS

The SIM, not being authorized to trade on its own account, is not exposed to this type of risk.

BUSINESS RISKS

The SIM, being not authorized to trade on its own account, is not exposed to these types of risk.

LIQUIDITY RISK

The risk was identified as the possibility that the SIM may not be able to fulfil its obligations relating to the payment of salaries to personnel, fees to Financial Advisors and invoices received, with specific reference to cash commitments. This risk is deemed as low because the SIM's own assets are kept liquid.

The new regulation envisages a requirement for liquidity to be held in liquid assets or assets that can be readily liquidated, at least equal to 1/3 of the requirement relating to fixed overheads (i.e. 1/12 of fixed overheads).

As at 31 December 2021, the investment company held cash and cash equivalents of euro 599 thousand against a requirement of euro 313,493.

SECTION 3 - INFORMATION ON EQUITY

3.1 COMPANY ASSETS

3.1.1 QUALITATIVE INFORMATION

The Company's equity consists of the fully paid-up Share Capital, share premium reserves, profit reserves and profit (loss) for the year. The management of company assets is aimed at the temporary investment of company liquidity and not at carrying out operational trading activities. The Board of Directors is responsible for defining the financial instruments in which to invest, the operating limits and the valuation criteria of the securities in the portfolio, taking into account the type of investment services

As established by Bank of Italy Resolution no. 1097 of 29 October 2007 (Regulation on minimum capital and operations abroad of SIMs as well as deposit and sub-deposit of customer assets), the minimum capital required for those SIMs that intend to provide investment services without operating limitations is equal to euro 1 million.

The SIM constantly verifies compliance with the minimum capital requirements. In order to measure the effects of exceptional but potentially verifiable risk events, the SIM carries out sensitivity analyses with respect to the main risks assumed. With regard to stress testing techniques, the SIM has implemented sensitivity analyses (i.e. analyses aimed at verifying the impact of "extreme" changes in a single risk factor at a time, on the equity position of the SIM) and not scenario analyses, which take into account changes in several risk factors at the same time. The stress tests allow the SIM to assess the exposure to risk and the capital required to cover it, as well as the accuracy of the risk assessment models.

3.1.2 QUANTITATIVE INFORMATION

The following table shows the breakdown of shareholders' equity with indication of the individual amounts relating to the items that comprise it.

3.1.2.1 *Company equity: breakdown*

Description	2021	2020
1. Capital	2,006,240	2,006,240
2. Share premium reserve	1,076,103	1,215,582
3. Reserves		
- of profits	204,364	204,364
a) legal	-	-
b) statutory	-	-
c) treasury shares	-	-
d) others	*204,364*	*204,364*
- others	8,426	8,426
4. (Treasury shares)	-	-
5. Valuation reserves	(54,880)	(40,967))
Measurement of employee severance indemnity IAS 19	*(54,880)*	*(40,967)*
6. Equity instruments	-	-
7. Profit (loss) for the year	(271,199)	(139,479)
Total	**2,969,054**	**3,254,166**

3.2 OWN FUNDS AND REGULATORY RATIOS

3.2.1 Own funds

3.2.1.1 QUALITATIVE INFORMATION

Own funds are calculated as the algebraic sum of a series of positive and negative elements, whose inclusion is allowed, with or without limitations, in relation to their asset quality.

In detail, own funds consist of the following aggregates:

1) Tier 1 capital, in turn made up of Common Equity Tier 1 capital (CET 1) and Additional Tier 1 capital (AT2);
2) Tier 2 capital.

In compliance with the provisions of the CRR, Common Equity Tier 1 capital is composed of share capital and reserves, less net intangible assets and 100% of deferred tax assets.

3.2.1.2 QUANTITATIVE INFORMATION

Description	2021	2020
A. Common Equity Tier 1 (CET1) before the application of prudential filters	2,017,927	2,364,335
of which CET1 instruments subject to transitional provisions		
B. CET1 prudential filters (+/-)		
C. CET1 gross of elements to be deducted and effects of the transitional regime (A +/- B)	2,017,927	2,364,335
D. Elements to be deducted from CET1		
E. Transitional regime - Impact on CET1 (+/-)		
F. Total Common Equity Tier 1 (CET1) (C - D +/- E)	**2,017,927**	**2,364,335**
G. Additional Tier 1 (AT1) gross of elements to be deducted and the effects of the transitional regime		
of which AT1 instruments subject to transitional provisions		
H. Elements to be deducted from AT1		
I. Transitional regime - Impact on AT1 (+/-)		
L. Total Additional Tier 1 (AT1) (G - H +/- I)		
M. Tier 2 capital (T2) gross of elements to be deducted and the effects of the transitional regime		
of which T2 instruments subject to transitional provisions		
No. of elements to be deducted from T2		
O. Transitional regime - Impact on T2 (+/-)		
P. Total Tier 2 capital (T2) (M - N +/- O)		
Q. Total own funds (F + L + P)	**2,017,927**	**2,364,335**

3.2.2 Capital adequacy

3.2.1.1 QUALITATIVE INFORMATION

Regulation 2019/2033 (art. 9) requires the SIM to have own funds consisting of the sum of Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital and to satisfy all of the following conditions at all times:

- $\frac{\text{Common Equity Tier 1 capital}}{\text{Minimum capital to be held}} >= 56\%$
- $\frac{\text{Common Equity Tier 1 capital + Additional Tier 1 capital}}{\text{Minimum capital to be held}} >= 75\%$
- $\frac{\text{Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital}}{\text{Minimum capital to be held}} > = 100\%$

	Requirement	Own funds	%	Surplus
Common Equity Tier 1 / D> = 56%	560,000	2,017,927	360%	1,457,927
Common Equity Tier 1 capital + Additional Tier 1 capital / D> = 75%	750,000	2,017,927	269%	1,267,927
Common Equity Tier 1 capital + Additional Tier 1 capital + Tier 2 capital / D> = 100%	1,000,000	2,017,927	202%	1,017,927

D = MINIMUM CAPITAL TO BE HELD

3.2.1.2 QUANTITATIVE INFORMATION

The SIMs of Category 2, as envisaged by art. 11 of Reg. 2033 must hold Own Funds, calculated by applying the provisions of CRR2, at least equal to the higher of the following amounts:

1. Requirement equal to 25% of fixed overheads referring to the previous year;
2. Their minimum capital requirement as defined by art. 11 of the IFD;
3. The requirement calculated according to the k-factor methodology.

Own funds requirements (PURSUANT TO ART. 11 Reg. 2019/2033)	31/12/2021
Minimum capital requirement	1,000,000
Fixed overheads requirement	940,478
K factor requirement	90,520

Given the above, the Company has capital of around double the minimum requirement of euro 1 million.

SECTION 4 - STATEMENT OF COMPREHENSIVE INCOME

Items	31/12/2021	31/12/2020
10. Profit (loss) for the year	**(271,199)**	**(139,479)**
Other income components net of taxes without reversal to the income statement		
20. Equity securities designated at fair value through other comprehensive income		
30. Financial liabilities designated at fair value through profit or loss		
40. Hedging of equity securities designated at fair value through other comprehensive income		
50. Tangible assets		
60. Intangible assets		
70. Defined benefit plans	**(13,913)**	**(3,104)**
80. Non-current assets held for sale		
90. Portion of valuation reserves of equity investments reported using the equity methods		
100. Income taxes relating to other income components without reversal to the income statement		
Other income components net of taxes with reversal to the income statement		
110. Foreign investment hedging		
120. Exchange rate differences		
130. Cash flow hedges		
140. Hedging instruments		
150. Financial assets (other than equity securities) measured at fair value through other comprehensive income		
160. Non-current assets held for sale and disposal groups		
170. Portion of valuation reserves of equity investments reported using the equity methods		
180. Income taxes relating to other income components with reversal to the income statement		
190. Total other income components	**(13,913)**	**(3,104)**
200. Comprehensive income (Item 10 + 170)	**(285,112)**	**(142,583)**

SECTION 5 - RELATED PARTY TRANSACTIONS

5.1 INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

Role	Remuneration	Expiry
Board of Directors	148,000	financial statements as at
Board of Statutory Auditors	40,000	financial statements as at

5.2 RECEIVABLES AND GUARANTEES GIVEN IN FAVOUR OF DIRECTORS AND STATUTORY AUDITORS

The company has no receivables due from directors.

There are no guarantees issued in favour of directors and statutory auditors.

5.3 INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, carried out as part of ordinary business operations, were carried out under normal market conditions as regards prices, methods and terms of payment in particular.

The table below shows assets, liabilities, advisory and portfolio management contracts in place in 2021 and relating to the related parties identified by the investment company with reference to the provisions of IAS 24.

	Directors and Executives parent company	Directors and Executives	Other related parties
Individual portfolio management	3,823,482	4,841,657	2,835,056
Investment advice	0	0	0
General advice	0	0	0

The table below shows the revenues for the year 2021 relating to related parties:

	Directors and Executives parent company	Directors and Executives	Other related parties
Individual portfolio management	44,485	66,759	33,006
Investment advice	0	0	0
General advice	0	0	0

On 30 June 2021, the company signed a contract with the holding company HPS S.r.l. for the provision of centralized services, which involves a total annual outlay of euro 60 thousand.

SECTION 8 - OTHER INFORMATION

8.1 AVERAGE NUMBER OF FINANCIAL ADVISORS

The average number of financial advisors in 2021 was **21**.

8.2 OTHER

Information pursuant to art. 2427-bis of the Italian Civil Code: information on the fair value of financial instruments

As at 31 December 2021, the company held no bonds; for further details, please refer to Section 4 of the Explanatory Notes - Balance Sheet - Assets.

Information pursuant to point 7-bis art. 2427 of the Italian Civil Code: use and distribution of equity items

SHAREHOLDERS' EQUITY	31/12/2021	Capital reserve/profit	Possibility of use	Amount available	Use in the last three years
Share capital	2,006,240	---	---	---	
Share premium reserve	1,076,103	R. capital	ABC	1,076,103	1,191,240
Profit from previous years	204,364	R. profits	ABC	149,484	
FTA reserve	8,426				
Valuation reserve	(54,880)	R. capital			
Net profit	(271,199)			(271,199)	
TOTAL	**2,969,054**			**954,388**	**1,191,240**
		Non-distributable portion		-	
		Available portion that can be distributed		**954,388**	

A = share capital increase *B = coverage of losses* *C = distribution to shareholders*

The reserves in the last three years were used exclusively to cover losses.

Advertising pursuant to art. 2427 of the Italian Civil Code and Article 37, paragraph 16, of Italian Legislative Decree 39/2010

The following table shows the fees pertaining to 2021, for auditing services and for services other than auditing ones provided by the same auditing firm and by entities belonging to its network.

Services	Company	Recipient	Consideration
Audit services	Crowe Bompani S.p.A.	SCM SIM	31,500
Certification services	Crowe Bompani S.p.A.	SCM SIM	0
Other services			0
Total			31,500

It should be noted that the fees indicated above do not include VAT and expenses

Milan, 25 March 2022

THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Maria Leddi

The undersigned MARIA LEDDI, Chairperson of the Board of Directors of the company SOLUTIONS CAPITAL MANAGEMENT SIM S.p.A., aware of the criminal liability envisaged in the event of false declaration, certifies, pursuant to art. 47 of Presidential Decree 445/2000, the correspondence of this document to that kept in the company's records.

Stamp duty paid virtually through the Milan Chamber of Commerce, authorization no. 3/4774/2000 of 19/07/2000.

THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Maria Leddi

Crowe

Solutions Capital Management SIM S.p.A.

Financial Statements as at 31 December 2021

Independent auditors' report pursuant to articles 14 and 19-bis
of Italian Legislative Decree no. 39 of 27 January 2010

Crowe

Crowe Bompani SpA
Member Crowe Global
Via Leone XIII, 14
20145 Milan
Tel. +39 02 45391500
Fax +39 02 4390711
info@crowebompani.it
www.crowe.com/it/crowebompani

INDEPENDENT AUDITORS' REPORT

PURSUANT TO ARTICLES 14 AND 19-BIS OF ITALIAN LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Shareholders
of Solutions Capital Management SIM S.p.A.

Report on the audit of the financial statements

Opinion

We audited the financial statements of Solutions Capital Management SIM S.p.A. (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, of the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards adopted by the European Union as well as the measures issued in implementation of art. 43 of Italian Legislative Decree no. 136/15.

Elements underlying the opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under these standards are further described in the section "Responsibilities of the independent auditors for the audit of the financial statements" of this report. We are independent of the Company in accordance with the ethical and independence rules and principles applicable in the Italian legal system to the audit of financial statements. We believe that we have obtained sufficient and appropriate audit evidence on which to base our opinion.

Reference to information

By way of information, the following should be noted:
- in the paragraph "Significant events after the end of the year and business outlook" of the Report on Operations, the directors state that *"The first few months of 2022 saw a continuation of the emergency deriving from the spread of the Covid 19 virus, although the completion of the vaccination campaigns and the less aggressive nature of the latest variants cause the situation to clearly improve.*
However, the scenario was considerably compounded by the Russia-Ukraine conflict that broke out at the end of February, which led to unprecedented volatility on the financial markets, fuelled by the discouraging news spread in the first part of the war operations. Added to this was an inevitable worsening of economic conditions in all the countries that have energy needs dependent on foreign countries.

It is currently difficult to assess the impact that this situation will have on the Company's fundamentals. Despite the resilience shown by the structure in recent years, the unfavorable trend of the markets could result in a limited contribution of performance fees during the year if the events related to the conflict continue for a long time. If the situation were to be resolved in a short time, this condition would be lifted and we could see, as happened several times in history, a significant recovery of the economies affected by the crisis.
The limited contribution of performance fees may be offset in 2022 by some transactions carried out at the beginning of the year. In particular, some transactions for the sale of tax receivables deriving from the 110% Bonus are finally coming to an end, as part of which the company has taken on the role of arranger, building a fluid path for buyers that is compliant with the latest regulations. This activity is expected to make an important contribution to the company's accounts.
Worth mentioning is also the launch of a new insurance product with three underlying lines managed by SCM and built with Nobis Vita Spa, which will allow even the younger and less experienced advisors to collect continuously. This product fills a gap that until now has prevented operators without portfolios from working with SCM, since the threshold for access to the main services is euro 100 thousand."

Given these forecasts, in the "Going Concern" paragraph of the Report on Operations, the Directors point out that on 25 January 2022, the 2022-2024 Business Plan was approved, which outlines SCM Sim's business strategy for the next three years. In the "Basic" scenario, the plan envisages a return to break even already in the first year, when a profit will be recorded after the loss suffered in 2021, and the sales network will be consolidated through the recruitment of new financial advisors. The worst scenario was prepared again this year due to the contingent situation and is based on more conservative assumptions which, in any case, would allow a positive economic result at the end of the plan.

- in the Notes to the Financial Statements, Section 10 - Tax Assets and Tax Liabilities, where the Directors confirm that prepaid tax assets, mainly arising from past tax losses, were recognised as assets in the financial statements, in the amount of Euro 827,323, as they believe *that the Company will be able to reabsorb these temporary differences in a limited timeframe, based on the economic projections approved by the Board of Directors.*

We did not express an opinion in relation to these aspects.

Responsibility of the directors and the board of statutory auditors for the financial statements

The directors are responsible for preparing financial statements that give a true and fair view in accordance with the International Financial Reporting Standards adopted by the European Union as well as the measures issued in implementation of art. 43 of Italian Legislative Decree no. 136/15 and, within the terms of the law, for that part of the internal control they deem necessary to prepare financial statements that do not contain any significant errors due to fraud or unintentional conduct or events.

The directors are responsible for assessing the Company's ability to continue to operate as a going concern and, in preparing the annual financial statements, for the appropriateness of using the going concern assumption, as well as for appropriate

disclosure on this matter. The directors use the going concern assumption in preparing the annual financial statements unless they deem that the conditions for liquidation of the Company or discontinuation of operations exist or have no realistic alternative to these choices.
The Board of Statutory Auditors is responsible for supervising, according to the limits laid down by law, the process of preparing the Company's financial reports.

Responsibility of the independent auditors for auditing 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 unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance which, however, does not provide assurance that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement, if any. Errors may arise from fraud or unintentional conduct or events and are considered significant if they could reasonably be expected, individually or in the aggregate, to influence the economic decisions made by users on the basis of the financial statements.

In carrying out the audit in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgment and maintained professional scepticism throughout the audit. In addition we:

▪ identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to those risks; and we obtained sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from unintentional conduct or events, because fraud may involve collusion, falsification, intentional omissions, misleading representations or forcing of internal control;

▪ acquired an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

▪ assessed the appropriateness of the accounting standards used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;

▪ reached a conclusion on the appropriateness of the directors' use of the going concern assumption and, based on the audit evidence obtained, on whether a material uncertainty exists about events or circumstances that may cast significant doubt about the Company's ability to continue as a going concern. When a significant uncertainty exists, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as a going concern;

▪ assessed the presentation, structure and content of the financial statements as a whole, including the disclosure, and whether the financial statements represent transactions and underlying events so as to provide a correct representation.

We communicated to those responsible for governance activities, identified at a level appropriate as required by ISA Italia, among other aspects, the planned scope and timing for the audit and the significant findings, including any considerable deficiencies in internal control identified during the audit.

Report on other legal and regulatory provisions

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

The directors of Solutions Capital Management SIM S.p.A. are responsible for preparing the report on operations of Solutions Capital Management SIM S.p.A. as at 31 December 2021, including its consistency with the relevant financial statements and its conformity to legal regulations.

We performed the procedures specified in Auditing Standard (SA Italy) no. 720B in order to express an opinion on the consistency of the management report with the financial statements of Solutions Capital Management SIM S.p.A. as at 31 December 2021 and its compliance with the legal regulations, as well as to issue a statement on any significant errors.

In our opinion, the management report is consistent with the annual financial statements of Solutions Capital Management SIM S.p.A. as at 31 December 2021 and is prepared in accordance with the law.

With reference to the declaration referred to in art. 14, paragraph 2, letter e) of Italian Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the course of the audit, we have nothing to report.

Milan, 8 April 2022

Crowe Bompani SpA

Giovanni Santoro
(Independent auditor)

SOLUTIONS CAPITAL MANAGEMENT SIM S.p.A.
Registered office in Via Maurizio Gonzaga, 3 - Milan
Share capital resolved Euro 2,406,240.00
Share capital subscribed and paid-in Euro 2,006,240.00
Tax code and VAT registration number 06548800967

Report by the Board of Statutory Auditors on the oversight activities pursuant to article 2429, paragraph 2, of the Italian Civil Code, on the financial statements for the financial period ended on 31 December 2021.

To the Shareholders,
The Board of Statutory Auditors refers to the activities carried out during the financial period ended on 31 December 2021.
The activities carried out were based on the law, also taking account, where applicable, of the provisions issued by the Bank of Italy and Consob, and in compliance with the Rules of Behaviour of the Board of Statutory Auditors approved by the National Board of Public Accountants and Accounting Professionals.

Oversight activities

The Board of Statutory Auditors monitored compliance with the law and the articles of association and with correct corporate governance principles.
The Board of Statutory Auditors took part in the Shareholders' Meetings and the meetings of the Board of Directors of the Company, held in accordance with the articles of association and the legislative and regulatory rules that govern their function, in relation to which, on the basis of the information available, no breaches of the law or the articles of association were found, or imprudent or reckless transactions, in potential conflict of interest or that could compromise the extent of the company assets.
Information on the general performance and management, the outlook and the significant transactions, in terms of size or characteristics carried out by the Company was obtained from the directors during the meetings and following specific requests, and on the basis of that information, there are no particular observations to make.
Information was acquired from Crowe Bompani S.p.A., the entity engaged to audit the accounts, including through meetings aimed at exchanging data and relevant information in order to carry out the respective duties, and no cases emerged that merit mention in this report.
The Board of Statutory Auditors acquired knowledge and inspected the adequacy of the organisational structure of the Company and the Internal Control System, also with respect to the measures adopted to tackle the emergency COVID-19 situation, all taking account of the information provided by the Chief Executive Officer in accordance with article 2381, paragraph 5 of the Italian Civil Code, and through periodic meetings with the managers of the corporate control departments, or the manager of the Compliance department, the Anti-Money Laundering department, the Risk Management department and the Internal Audit department, and to that end, there are no specific findings that merit mention in this report.

The Board of Statutory Auditors acknowledges that SCM SIM S.p.A. gave the order to prepare the Organisation, Management and Control Model pursuant to 231/2001. The model, which is being prepared, took shape initially through a weighted Risk Assessment of the specific operational and organisational characteristics of the Investment Firm, with special reference to the identification and classification of the company risks to which the organisational structure is subject in the performance of its investment services. The subsequent stage envisages the preparation of the Organisation, Management and Control Model pursuant to 231/2001, and the protocols, broken down by bodies, divisions, internal departments and external parties to be put in place to prevent the criminal offences where a risk of being committed had been identified. The activity will continue by adopting a disciplinary system that can punish the failure to comply with the measures indicated in the model or the revised Code of Ethics.
The Board of Statutory Auditors also monitored the composition, size and function of the Board of Directors and the Committees, and the completeness, duties and responsibilities connected to each company department; to that end, there are no specific observations to mention in this report.
The Board of Statutory Auditors acquired information and monitored, to the extent of its responsibilities and also taking account of the information provided by the Chief Executive Officer in accordance with article 2381, paragraph 5 of the Italian Civil Code, the adequacy and function of the administrative-accounting system, also with reference to the impacts of the COVID-19 emergency on the computer and online systems, and its reliability to properly show the company affairs, through the information received from the managers of the departments, the entity engaged to audit the accounts and through the examination of the company documents; to that end, there are no specific observations to make.
The Board of Statutory Auditors reviewed the "Risk Management Report" (2021), the "Operational Risks Analysis Updated Report" referring to 2021, the "Report by the Internal Audit Department" - Financial Period 2021, the "Annual report of the Compliance Control Department" - 2021 activities, the "Report by the Manager of the Anti-Money Laundering Department", the "Organisational Structure Report", the "Annual Report on the Mechanisms to provide Services and the Investment Activities and the Ancillary Services and the Financial Product Distribution Activities Issued by Insurance Companies or Banks" and the annual report on the "Remuneration and Incentive Policies". These reports were examined at the Board of Directors' meeting of the Company held on 25 March 2022 and in reference to them, there are no specific observations to be made by the Board of Statutory Auditors that merit mention in this report.
The Board of Statutory Auditors, in accordance with the "Rules of Behaviour of Boards of Statutory Auditors of Listed Companies" approved by the National Board of Public Accountants and Accounting Professionals as at April 2018 (Q.1.1. Rule) carried out periodic self-assessments with respect to each of its members. The results of these activities are reported in a specific Self-Assessment Report of 07 April 2022 that will be shared with the Board of Directors of the Company. Within the scope of this report, it is highlighted that certain inspections were carried out regarding the professionalism, integrity, competence, independence, availability of time and any accumulations of offices by the individual standing members of the Board of Statutory Auditors, and regarding the size and function of the Board

of Statutory Auditors as a whole, and at the end of the planned inspection activities; the full suitability of the individual standing members and the Board of Statutory Auditors as a whole in order to cover the task carried out was ascertained, and within the scope of this report, there are no particular observations to make.
During the financial period, no complaints were made to the Board of Statutory Auditors in accordance with article 2408 of the Italian Civil Code.
No reports were made to the Board of Directors during the financial period in accordance with and pursuant to article 15 of Decree Law no. 118/2021.
On 10 April 2021, in accordance with article 2441, paragraph 6 of the Italian Civil Code, the Board issued its approval of the adequacy of the issue price of the shares by the Company with respect to the capital increase, with exclusion of the option right.
During the oversight activities, as described above, no other significant facts emerged that would warrant mention in this report, and no findings were made either by the auditing firm.

Financial Statements for the financial period

The Board of Directors made the draft financial statements for the financial period ended on 31 December 2021 available to the Board of Statutory Auditors, along with the Report on Operations as approved on 25 March 2022.
The draft financial statements for the financial period ended on 31 December 2021 was subject to Audit by the company Crowe Bompani S.p.A. in accordance with article 14 and article 19-bis of Legislative Decree 39/2010. In any case, the Board of Statutory Auditors inspected the overall approach taken with respect to the financial statements drawn up in accordance with Legislative Decree 38/2005 and the provisions issued implementing article 43 of Legislative Decree 136/2015. The above-mentioned Legislative Decree 38/2005 provides, inter alia, that Investment Firms have to draw up financial statements in accordance with the International Accounting Standards.
The draft financial statements for the financial period ended on 31 December 2021 complies with the instructions provided by the IAS/IFRS international accounting standards and the Order dated 29 October 2021 issued by the Bank of Italy and also containing instructions to prepare the individual financial statements by investment brokerage companies ("Investment Firms") pursuant to article 1, paragraph 1 of Legislative Decree 58/1998, as integrated by Communication of 21 December 2021, also issued by the Bank of Italy, concerning the impacts of COVID-19 and the economic support measures and amendments to the IAS/IFRS.
For comparative purposes, in the financial statements for the period ended on 31 December 2021, the corresponding data for the previous financial period were prepared in accordance with the same accounting standards.
The drafting of the financial statements for the financial period ended on 31 December 2021, as occurred for the financial statements for the financial periods ended on 31 December 2019 and 31 December 2020 respectively, was carried out taking account of the amendments introduced by IFRS 16, in effect since 1 January 2019. In order to adopt the new standard IFRS 16 from the 2019 financial period, the Company took the modified retrospective approach, recording the financial liabilities in accordance with the current value of future payments on

the basis of the incremental cost of the payable referring to the date of 1 January 2019, and recording the value of the right of use at a value equal to the liabilities. With regard to the amendments to IFRS 16, the Company did not apply the practical expedient as provided for under Regulation (EU) no. 1434/2020.
Since the Board of Statutory Auditors did not have to carry out the statutory audit of the financial statements for the period, it monitored the general approach taken for it, the general compliance with the law with respect to the drafting restrictions and the structure. To that end, there are no particular observations to make.
Compliance with the law relating to the preparation of the operating report was confirmed, and to that end, there are no particular observations to make.
As far as the Board of Statutory Auditors is aware, the directors, in drafting the financial statements, did not use the exceptions described under article 5, paragraph 1, of Legislative Decree 38/2005.
The Board of Statutory Auditors acknowledges that the Board of Directors, in the Explanatory Notes, provided the information concerning the transactions put in place with related parties during 2021, identifying them in accordance with IAS 24, and confirming that they were carried out on an arm's length basis with respect to the prices, mechanisms and terms of payment in particular.
The financial period ended with a loss for the period, after taxes, of € -271,199, compared to a loss for the previous period, after taxes, of € -139,479. The shareholders' equity of the Company as at 31 December 2021 stood at € 2,969,054 while the own funds amounted to € 2,017,927 and were consistent and sufficient since the minimum equity requirement amounts to € 1,000,000.
In the Report on Operations, the Board of Directors, in the paragraph called "Information on the company continuing as a going concern", to which the reader is referred for a more complete analysis, referred to the 2022-2024 Business Plan approved on 25 January 2022 which sets out the company strategy of Solutions Capitale Management SIM S.p.A. for the three years in consideration. That paragraph states that: *"The analysis of the financial and management indicators and the equity structure and forecast results for subsequent years make it reasonable to agree with the assumption that the company will continue as a going concern, since, according to the Directors, there are no significant uncertainties that, considered individually or as a whole, could give rise to any uncertainties to that end".*
In the same Report on Operations, the Board of Directors, in the paragraph called "Significant events after year end and outlook", to which the reader is referred for a more complete analysis, examines the assumed effects caused by a continuation of the Russian-Ukrainian conflict and refers to the new activities initiated by SCM SIM S.p.A. that could counterbalance the limited contribution from the performance commissions if the markets perform poorly.
The second part of said paragraph of the Report on Operations called "Significant events after year end and outlook" to which the reader is referred for a more complete analysis, also refers to a dispute in which SCM SIM S.p.A. is involved, and where it was not considered necessary to make provisions in the financial statements since, after a preliminary examination of the records and documents available, referring all more detailed evaluations to the results of a complete preliminary inquiry into the dispute, the Company lawyers referred to the generic

nature of the facts of the case made by the claimants, which also do not appear to be backed by adequate evidence, and the groundless nature of the legal reconstruction.
In light of the above as reported in the draft financial statements for the period ended on 31 December 2021 among other things, the Board of Directors recorded tax assets for advance taxes for a total of € 827,323. Said assets:
- are related to tax losses which accrued up to the period ended on 31 December 2018 and the impairment on receivables and other deductible temporary differences;
- were progressively recognised with offsetting items in the income statement corresponding to the portion allocated to each financial period or with offsetting items in the shareholders' equity;
- record a slight overall increase from € 824,418 (of which € 810,445 with an offsetting item in the income statement) as at 31 December 2020 to € 827,323 (of which € 808,957 with an offsetting item in the income statement) as at 31 December 2021;
- were all allocated with an IRES (corporate income tax) rate of 24%.
It is acknowledged that these tax assets were recorded in the draft financial statements as at 31 December 2021 since it is believed that the Company will be able to reabsorb said temporary differences in a short period of time, on the basis of the economic forecasts approved by the Board of Directors and set out in the Business Plan, on the assumption that the company will continue as a going concern.
Therefore, considering the information available and the prospects of the company continuing as a going concern, the Board of Statutory Auditors has no findings to that effect.
The Board of Statutory Auditors reviewed the draft financial statements prepared by the auditing firm Crowe Bompani S.p.A. in accordance with article 14 and article 19-bis of Legislative Decree 39/2010 and issued on 08 April 2022. Acknowledgement is made in that report that the financial statements provide a true and fair representation of the assets and financial situation of the Company as at 31 December 2021, the net result and the cash flows for the financial period ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union and the orders issued to implement them in article 43 of Legislative Decree 136/15. In the same report, the auditing firm Crowe Bompani S.p.A. confirms its independence from the Company in accordance with the law and standards in the area of ethics and independence applicable in Italian law to the auditing of financial statements. It is acknowledged that the auditing firm adopted the procedures indicated by the international auditing standards (ISA Italy). It is also acknowledged that the auditing firm, in its report, makes certain policy statement references, without expressing any findings to that effect, in relation to certain facts considered to be relevant which occurred after the end of the financial period and the outlook, to which the reader is referred for a more complete evaluation.
During the inspection, as described above, no objectionable facts emerged that would warrant mention in this report.

Conclusions

In view of the above, and also of the results which emerged from the activities carried out by the entity engaged to audit the accounts contained in the audit report on the financial statements, the Board of Statutory Auditors advises the Shareholders' Meeting to approve the financial statements for the period ended on 31 December 2021, as drawn up by the Board of Directors, and there are no objections to be made regarding the proposed resolution submitted in the Report on Operations regarding the intended use of the results for the financial period.

Milan, 09 April 2022

The Board of Statutory Auditors

Prof. Dott. Massimo Mariani | Dott. Aldo Campagnola | Dott. Pierluigi Di Paolo