# Intermonte Group

## CONSOLIDATED FINANCIAL STATEMENTS

for the year ended
31 December 2021

Galleria De Cristoforis 7/8
20122 Milan | +39 02.77115.1

Intermonte Partners

# Intermonte Partners SIM S.p.A.

SHARE CAPITAL: EURO 3.290.500

REGISTERED OFFICE: GALLERIA DE CRISTOFORIS 7/8, MILAN

TAX CODE AND BUSINESS REGISTRY NUMBER: 06108080968

MEMBER OF THE NATIONAL GUARANTEE FUND

www.intermonte.it

## Contents

# Corporate Boards and Committees

## Board of Directors

| | |
|---|---|
| **Alessandro Valeri** | *Chair* |
| **Guglielmo Manetti** | *Chief Executive Officer* |
| **Alessandro Chieffi** | Director [1,2] |
| **Francesca Paramico Renzulli** | Director [1,2] |
| **Manuela Mezzetti** | Director [1,2] |
| **Guido Pardini** | *Director* |
| **Dario Grillo** | *Director* |

*Note: 1. Non-executive; 2. Independent*

## Board of Statutory Auditors

| | |
|---|---|
| **Barbara Premoli** | *Chair* |
| **Niccolò Leboffe** | *Standing Statutory Auditor* |
| **Marco Salvatore** | *Standing Statutory Auditor* |
| **Federico Sala** | *Alternate Auditor* |
| **Federica Mantini** | *Alternate Auditor* |

## Independent Auditor

**KPMG S.p.A.**

## Remuneration Committee

| | |
|---|---|
| Alessandro Valeri | *Chair* |
| Manuela Mezzetti | |
| Alessandro Chieffi | |

## Control, Risk and Sustainability Committee

| | |
|---|---|
| Manuela Mezzetti | *Chair* |
| Alessandro Chieffi | |
| Francesca Paramico Renzulli | |

## 231 Committee

| | |
|---|---|
| Francesca Renzulli | *Chair* |
| Alessandro Chieffi | |
| Marco Salvatore | |

## Executive Committee

| | |
|---|---|
| Guglielmo Manetti | *Chair* |
| Guido Pardini | |
| Dario Grillo | |

## Chairman and CEO's Letter to Shareholders

*"Dear Shareholders,*

*2021 was a very important year for Intermonte Group, as it completed its transition from the private partnership model, which had served it so successfully for its first 26 years, to listed public company status via the IPO on the Euronext Growth Market (previously AIM) of the Italian Stock Exchange in October.*

*The realisation of this ambitious project, which we see as a starting point and certainly not journey's end, is the culmination of a long growth process in which 2021 was undoubtedly a very positive year in terms of results.*

*In a decidedly complicated macro environment due to the long tail of the pandemic, which affected day-to-day operations and the organisation of work, especially in the first part of the year, Intermonte managed to grow all its business lines, consolidating its competitive positioning as the leading independent investment bank on the Italian market. The company continued to invest in technology and personnel, with 14 new entries to the workforce.*

*Growth at the Sales & Trading division came about thanks to an increase in the number of clients as well as expansion of brokerage in a variety of asset classes, confirming our reputation among investors for the quality of service, experience and dependability of our sales desk, and, more generally, the technological efficiency of our procedures, including at the back office and trade settlement stage.*

*This result was underpinned by the excellent work of our Research Team, testifying to its expertise on the Italian market and its role as an opinion leader, above all in the mid-small caps segment. During the year, efforts were intensified on ESG, a topic on which the team produced a range of reports under the theme of "Green is the new gold". The number of interactions with listed companies and institutional investors continues to flourish with the return (at long last!) of the face-to-face format after so many online-only meetings, a return exemplified by the ninth edition of our in-person event, "Le eccellenze del made in Italy".*

*Our Investment Banking division saw strong revenue growth last year thanks to the Equity Capital Market segment together with the positive contribution of Advisory and M&A. In particular, 2021 was a very successful year for our IPO and ABB activities, confirming our leadership in the mid/small caps segment as well as our reputation and capacity for conducting placements with large institutional investors. Investment Banking continues to be one of the areas for strategic investment and we further strengthened the team over the course of the year.*

*The Global Market division also had a successful 2021, supported above all by client-driven activities which drove very positive results, especially in market making on listed derivatives. It remains very important for us to obtain positive results while maintaining tight control over the risk profile for the company and shareholders; in fact, riskier directional trading activity accounted for less than 2% of total Global Market revenues in 2021. Along with other divisions, Global Market benefitted from investments in technology and personnel during the year.*

*Digital & Advisory continued its successful growth path, especially TIE (The Intermonte Eye), the division that offers investment solutions to financial advisors and private bankers. We consider this segment to be very interesting, especially in light of developments driven by MiFID 2, and we are investing in human capital and technological capacity to accelerate growth.*

*Among new initiatives we have signed a partnership with QCapital, a company specialising in club deals in the private markets segment, in order to develop potential cloud deals among mid-small caps that are listed or in the process of listing. The partnership harnesses Intermonte and QCapital's specific skills in order to offer investors and shareholders investment opportunities, while also deploying some of our excess capital.*

*We confirm a very high dividend payout on 2021 for shareholders; this is in line with our history, central to our strategy, and consistent with the solid capital position we enjoy.*

*2021 results confirm our positioning and herald further progress along the path for growth initiated many years ago. We also believe that our market listing has bolstered our role as the leading independent investment bank on the Italian market and we see worthwhile opportunities for expansion, including through M&A"*

*Sandro Valeri*
*Chair*

*Guglielmo Manetti*
*Chief Executive Officer*

## Condensed Income Statement

| (Eu mn) | FY2019 | FY2020 | FY2021 | FY21 vs FY20 % |
|---|---|---|---|---|
| Sales & Trading | 14.0 | 14.5 | *15.9* | *10.1%* |
| Investment Banking | 6.9 | 9.6 | *11.4* | *19.5%* |
| Global Markets | 11.6 | 13.6 | *13.0* | *(4.1)%* |
| Digital Division & Advisory | 2.4 | 3.1 | 3.4 | 11.6% |
| **TOTAL NET REVENUES** | **34.8** | **40.7** | **43.8** | **7.7%** |
| Personnel expenses (1) | (15.8) | (19.6) | (21.6) | 10.7% |
| Other operating expenses (2) | (10.7) | (8.9) | (10.4) | 16.1% |
| **Total costs** | **(26.6)** | **(28.5)** | **(32.0)** | **12.4%** |
| **Consolidated pre-tax profit** | **8.2** | **12.2** | **11.8** | **(3.3)%** |
| **Consolidated adjusted pre-tax profit** | **8.2** | **12.2** | **14.4** | **17.4%** |
| Taxes and duties | (2.0) | (3.2) | (3.1) | (2.7)% |
| **Consolidated net profit pre-minorities** | **6.2** | **9.1** | **8.7** | **(3.5)%** |
| Profit (Loss) attributable to minority equity interests | (0.9) | (1.3) | (1.5) | 18.1% |
| **Consolidated net profit** | **5.3** | **7.8** | **7.2** | **(7.2)%** |
| **Consolidated adjusted net profit** | **5.3** | **7.8** | **9.1** | **17.0%** |

Notes: 1. This item includes remuneration of executive directors but excludes remuneration of non-executive directors and statutory auditors; 2. This item includes the remuneration of non-executive directors, statutory auditors, depreciation/amortisation or net impairment losses on tangible and intangible assets, and operating income and expenses; 3. Non-recurring costs relate to administrative expenses and bonuses incurred in relation to the IPO in 2021.

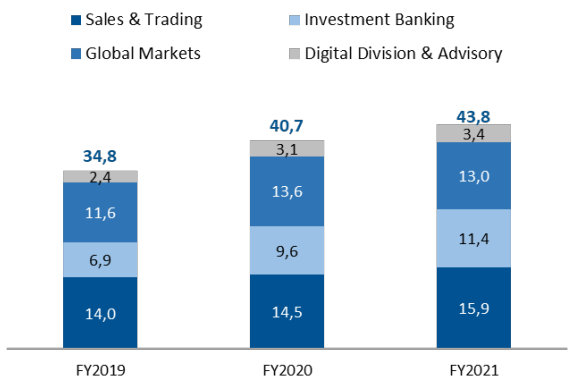
## Condensed Statement of Financial Position

| (Eu mn) | FY2019 | FY2020 | FY2021 | FY20 vs FY19 % | FY21 vs FY20 % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Financial assets | 236.5 | 226.7 | 257.2 | (4.1)% | 13.5% |
| Property and equipment | 5.8 | 5.1 | 4.5 | (12.9)% | (10.4)% |
| Intangible assets | 0.1 | 0.1 | 0.1 | (35.4)% | (17.2)% |
| o/w goodwill | - | - | - | n.s. | n.s. |
| Other assets | 47.2 | 45.9 | 70.5 | (2.7)% | 53.5% |
| **Total Assets** | **289.6** | **277.7** | **332.3** | **(4.1)%** | **19.6%** |

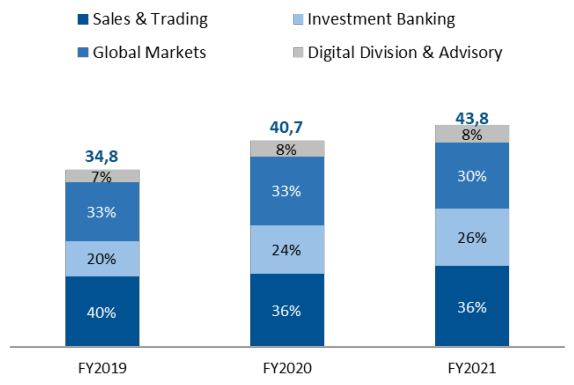
| Liabilities and equity | FY2019 | FY2020 | FY2021 | FY20 vs FY19 % | FY21 vs FY20 % |
|---|---|---|---|---|---|
| **Liabilities and equity** | | | | | |
| Financial liabilities | 196.7 | 178.9 | 245.9 | (9.0)% | 37.4% |
| Other liabilities | 14.8 | 17.9 | 22.5 | 21.3% | 25.8% |
| **Total Equity** | **78.1** | **73.1** | **56.7** | **(6.4)%** | **(22.5)%** |
| Shareholders' Equity | 67.8 | 62.2 | 46.6 | (8.3)% | (25.1)% |
| Minority equity interests | 10.3 | 10.9 | 10.1 | 5.6% | (7.7)% |
| **Total liabilities and equity** | **289.6** | **277.7** | **332.3** | **(4.1)%** | **19.6%** |

# Financial Highlights[1]

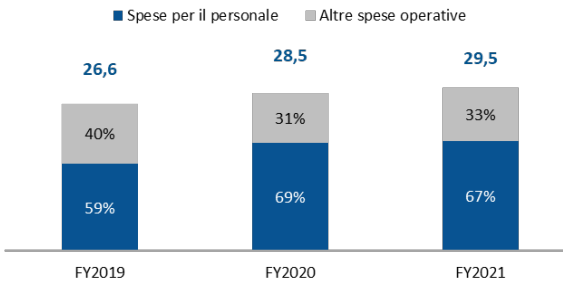
**BU Revenue Trends (Eu mn)**




**Revenue Breakdown (Eu mn, %)**

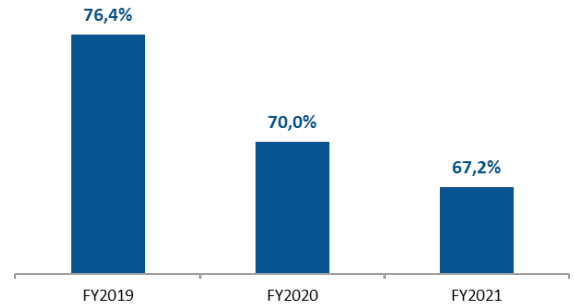



**Cost Breakdown (Eu mn, %)**

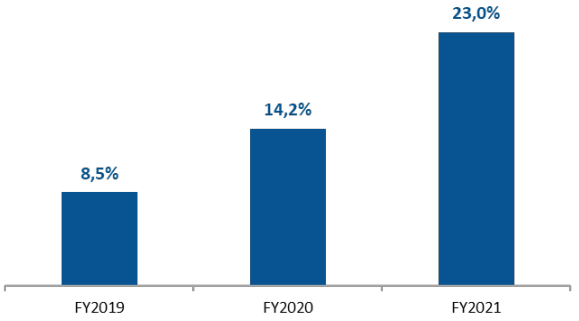



| Costo Personale / Ricavi (%) | | |
|---|---|---|
| **FY2019** | **FY2020** | **FY2021** |
| 45,4% | 48,0% | 45,3% |

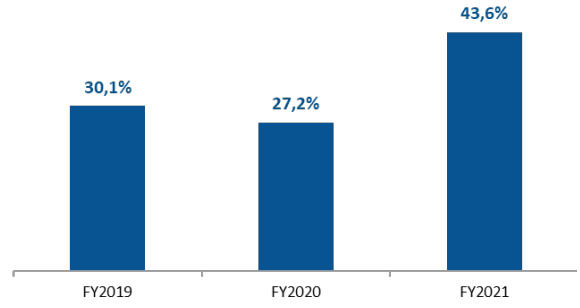
**Cost/Income ratio (%)**



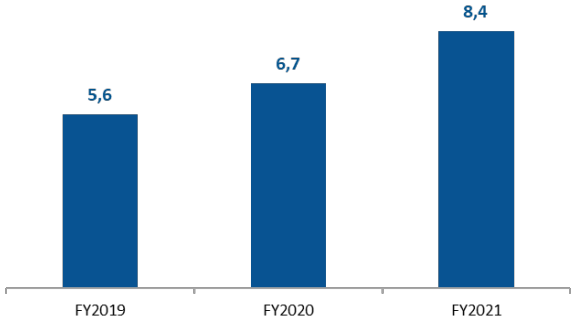

**ROE = ROTE (%)**



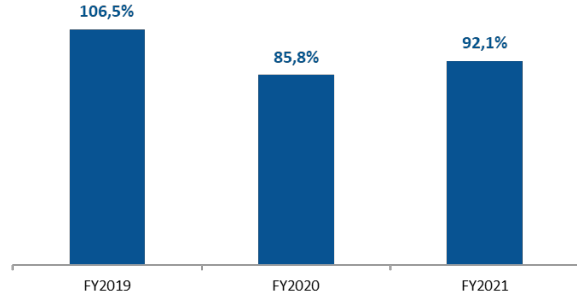

**Total Capital Ratio (%)**




**Dividend payout (Eu mn)**




**Payout ratio (%)**




Note: 1. Net of non-recurring costs

# Business Highlights

Intermonte Group was founded in 1995

Listed on Euronext Growth Milan (EGM) since 21st October 2021

>900 active clients as at 31st December 2021

135 employees

## Sales & Trading

### A leading Italian broker for institutional investors

- 25 sales/traders with over 20 years' experience on average
- > 750 active institutional clients that work with Intermonte
- Desks dedicated to the main markets (Italy, United Kingdom, continental Europe, USA)
- Desks dedicated to various asset classes

## Investment Banking

### Leader in services for SMEs

- 18 professionals, average experience of Senior Managers >20 years
- ~25 IPOs, the majority as Global Coordinator / Bookrunner / Sponsor (since 2010)
- >20 Private Placements / ABBs of listed companies (since 2010)
- > 30 Financial Advisory or M&A transactions (since 2010)
- >50 specialist and /or Corporate Broking contracts on listed companies

## Global Markets

### Among the TOP 3 brokers in Italy for volume of listed derivatives traded

- 11 professionals with over 18 years of experience on average
- Focus on Client-Driven Business (c.98% of BU revenues)
- Among the main market makers on the Italian equity derivatives market

## Digital Division & Advisory

### Innovative Business Unit dedicated to digital services

- 10 professionals with over 15 years' experience on average
- 1 million retail investors reached through Websim
- 1,000 financial advisors registered with T.I.E.

## Equity Research

### One of the most important research providers on the Italian market


- 15 analysts with average experience in excess of 10 years
- >120 listed companies covered by the Intermonte research department
- >95% of total Italian equity market capitalisation covered by Intermonte
- > 210 roadshows organised in 2021
- >2,800 meetings organised between listed companies and investors
- Team dedicated to listed SMEs since 2012
- >740 reports published in 2021 for a total of >5,800 pages
- 11 new stocks covered in 2021
- 2nd in Italy in Mid/Small Caps Research, according to Institutional Investor rankings

## Events organised for listed companies in 2018-2021

| Event | 2018 | | | 2019 | | | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Location and Date | Firms | Investors | Location and Date | Firms | Investors | Location and Date | Firms | Investors | Location and Date | Firms | Investors |
| European Midcap | Frankfurt February 2018 | 15 | 32 | Frankfurt February 2019 | 12 | 60 | Frankfurt February 2020 | 11 | 48 | Frankfurt February 2021 | 14 | 76 |
| | Copenaghen May 2018 | 9 | 25 | Copenaghen May 2019 | 9 | 25 | Copenaghen May 2020 [1] | - | - | Tech & Digital May 2021 | 11 | 40 |
| | Paris June 2018 | 18 | 98 | Paris June 2019 | 14 | 102 | Paris June 2020 | 14 | 104 | Paris June 2021<br>October 2021 | 10<br>8 | 77<br>35 |
| | | | | Amsterdam September 2019 | 8 | 22 | Amsterdam September 2020 | 10 | 30 | Amsterdam September 2021 | 13 | 40 |
| | Madrid November 2018 | 10 | 40 | Madrid November 2019 | 10 | 24 | Madrid November 2020 | 12 | 31 | Madrid November 2021 | 11 | 8 |
| | Geneva December 2018 | 10 | 66 | Geneva December 2019 | 10 | 40 | Geneva December 2020 | 12 | 71 | Geneva December 2021 | 12 | 38 |
| Le Eccellenze del Made in Italy | Genoa May 2018 | 18 | 33 | Turin May 2019 | 23 | 110 | Florence May 2020 [1] | - | - | Stresa September 2021 | 23 | 73 |
| Italian Equity Roadshow (Large Cap) | London January 2018 | 12 | 70 | London January 2019 | 16 | 82 | London January 2020 | 22 | 90 | London January 2021 | 27 | 100 |
| | New York November 2018 | 15 | 60 | New York November 2019 | 15 | 41 | New York November 2020 | 25 | 60 | | | |
| Sustainability Equity Week | | | | | | | Milan July 2020 | 49 | 180 | Milan July 2021 | 62 | 160 |
| Italian Equity Week | Milano September 2018 | 51 | 142 | Milan September 2019 | 61 | 167 | Milan September 2020 | 75 | 340 | Milan September 2021 | 49 | 250 |

Note: 1. Event cancelled/ postponed due to Covid-19

# Intermonte & Borsa Italiana

## Stock performance

| | |
|---|---|
| **Market capitalisation as at 21 October 2021 (IPO) (Eu mn)[1]** | 90.0 |
| **Market capitalisation as at 31 December 2021 (Eu mn)[1]** | 94.8 |
| **Average share price in 2021 (Eu)[2]** | 2.95 |
| **Lowest price in 2021 (Eu)[2]** | 2.79 |
| **Highest price in 2021 (Eu)[2]** | 3.00 |
| **Final price (31 December 2021)[2]** | 2.95 |
| **Average daily trading volume (No. shares)** | 115,019 |

Note: 1. Calculated on number of shares outstanding; 2. Closing Price

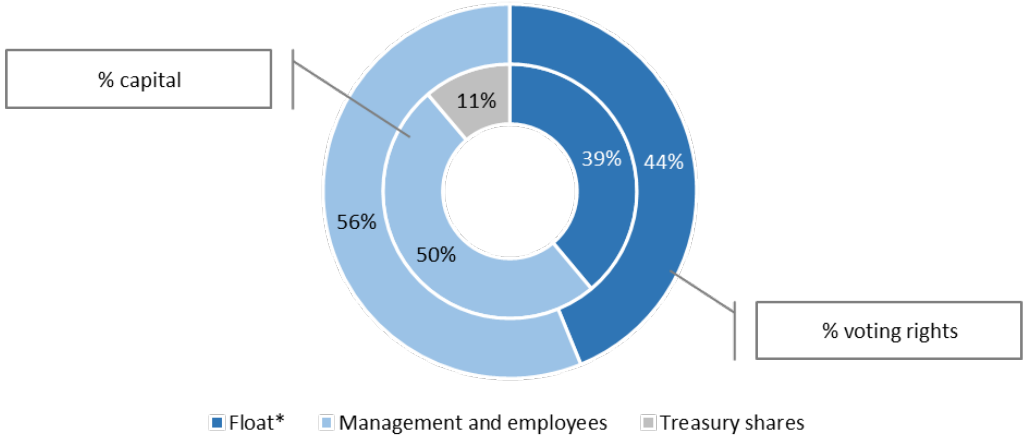
## Summary

| | |
|---|---|
| **Total number of shares** | 36,195,500 |
| **of which treasury shares** | 4,051,003 |
| **Total number of voting rights/number shares outstanding** | 32,144,497 |
| **Share type** | Ordinary, no par value |
| **Share capital (Eu)** | 3,290,500.00 |
| **Equity per share as at 31 December 2021 (Eu)** | 1.45 |
| **ISIN** | IT005460016 |
| **Bloomberg code** | INT IM Equity |
| **FactSet code** | INT-IT |
| **Reuters code** | INTM.MI |
| **Currency** | Euro (€) |
| **Primary market** | Euronext Growth Milan (EGM) |

## Information for shareholders

| | |
|---|---|
| **Nomad** | BPER Banca S.p.A. |
| **Specialist** | Intesa Sanpaolo S.p.A. |
| **External auditor** | KPMG S.p.A. |
| **Disclosure of regulatory information** | Through 1Info, managed by Computershare S.p.A. |

## Group shareholders and voting rights




Notes: * Includes investors that come under the AIM Issuer Regulations definition of "float" as well as investors that do not

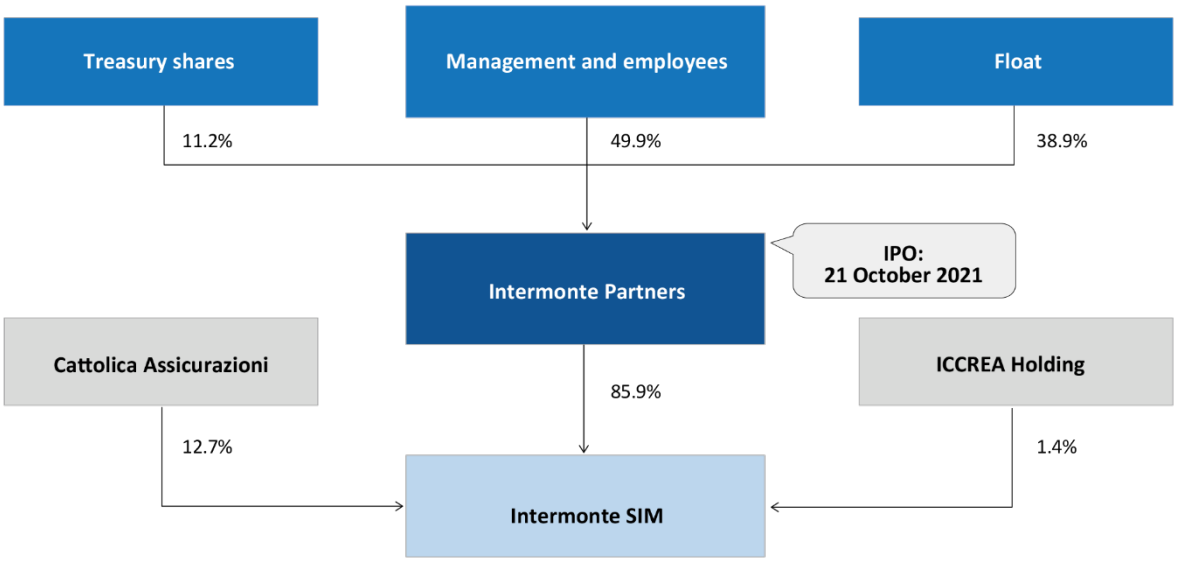
## Significant holdings

| Significant shareholdings | Number of shares | % of capital | % of voting rights |
|---|---|---|---|
| **Alessandro Valeri**[1] | 2,573,692 | 7.1% | 8.0% |
| **Gian Luca Bolengo**[1] | 2,573,692 | 7.1% | 8.0% |
| **Walter Azzurro** | 1,650,517 | 4.6% | 5.1% |
| **Guido Pardini**[1] | 1,650,517 | 4.6% | 5.1% |
| **Guglielmo Manetti**[1] | 1,100,000 | 3.0% | 3.4% |
| **Dario Grillo**[1] | 1,100,000 | 3.0% | 3.4% |
| **Fabio Pigorini**[1] | 1,100,000 | 3.0% | 3.4% |
| **Andrea Lago**[1] | 1,100,000 | 3.0% | 3.4% |

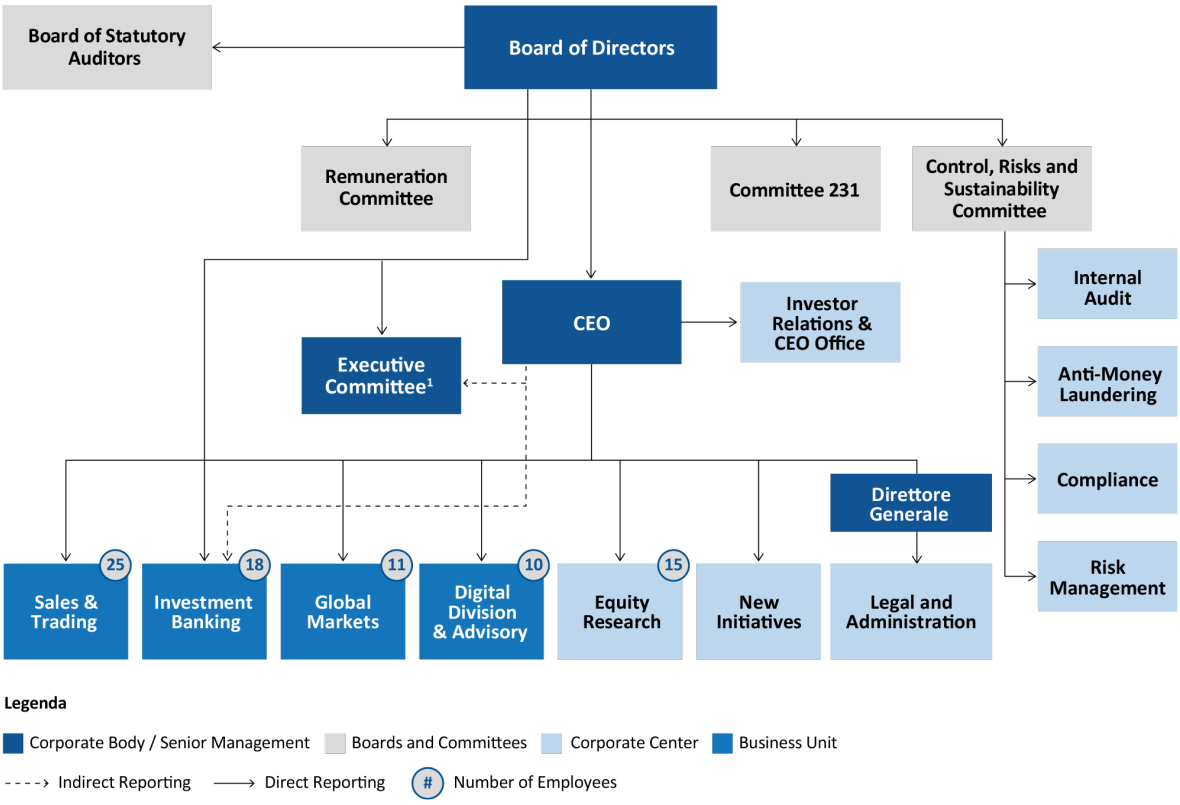
Notes: 1. The two founding shareholders and five senior managers are members of a joint shareholders' agreement, covering 7,700,000 shares in the Issuer corresponding to 21.3% of the share capital and c.24.0% of shares with voting rights. The joint shareholders' agreement sets terms and conditions for the circulation of shares pertaining to the members, stipulating that each member, until the expiry of the agreement, commits with regard to the Shares of the Second Shareholders' Agreement transferred by each member: (a) not to transfer and/ or arrange *inter vivos* gift of said shares; (b) not to enter into any type of derivative contract with the shares as underlying asset; and (c) not to engage in lending of the shares.

# The Intermonte Group

## Company structure




## Organisational Chart




Note: 1 All business units report directly to the Executive Committee

## Business units

### Sales & Trading

**The largest salesforce dedicated to the Italian stock market**

- More than 750 active clients
- Brokerage on Italian and European equity stocks
- Brokerage on corporate and government bonds

### Investment Banking

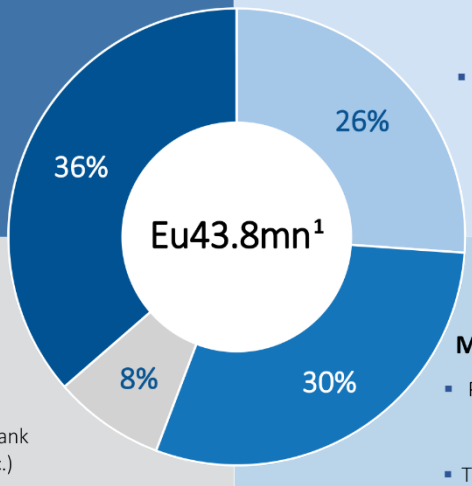
**Leader in Investment Banking services for SMEs**

**ECM & DCM**

- Stock market listings
- Equity and bond placements
- Corporate brokerage & Buy-backs
- Private placements
- Rights issues and secondary offerings

**M&A and Advisory**

- Mergers & Acquisitions
- Company valuations
- Financial advisory




### Digital Division & Advisory

**Digital Division**

- **WEBSIM**: online information and consultancy on stock market investments for retail clients and bank networks (FAs, private bankers, etc.)
- **TIE**: consultancy for financial advisors and private bankers

**Advisory**

- Advisory on institutional portfolios
- SICAV management
- Advisory for sales / private banking networks

### Global Markets

**Among the leaders in Market Making on Options and Futures**

- Primary market making for options and futures on single stocks and FTSE-MIB index options
- Trading of listed derivatives on behalf of institutional investors
- Brokerage of ETFs
- Structuring of customised hedging products
- Algorithmic market making

### Equity Research

**Historical leadership in research on Italian stocks, with a specific focus on small caps**

- >120 stocks covered and ~95% of the Italian stock market cap[2]
- ≥15 Equity Research Analysts
- ≥15 equity research analysts
- Daily & monthly reports
- Monthly mid/small caps report
- Sector studies & strategy reports
- Analysis of macroeconomic trends in Italy
- Specific paper on ESG themes: *"Green is the New Gold"* collection
- Partnership with Politecnico di Milano on research papers

Note: 1. Breakdown of 2021 revenues; 2. Figures as at 31st December 2021

# Group Description

The Intermonte Group ("Intermonte"), controlled by Intermonte Partners SIM and including Intermonte SIM, is an independent investment bank equipped with comprehensive access to capital markets and capable of offering investment and consultancy services, positioning itself as a leading light in the Italian Mid & Small Caps segment.

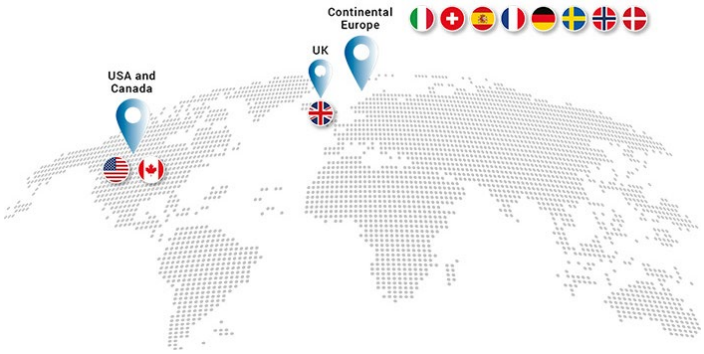
Intermonte, founded in 1995 and listed on the Euronext Growth Milano if the Italian stock exchange since 21st October 2021, is a group of Italian securities firms (SIM) with a consolidated presence on capital markets through four business lines: **"Sales & Trading", "Investment Banking", "Global Markets"** and **"Digital Division & Advisory".** The group's four business lines are supported by "**Equity Research**" activity, namely research and analysis on nearly all companies listed on Borsa Italiana markets, carried out by a dedicated team of financial analysts.

Intermonte Partners stands out on the Italian market due to its business model, which marries independence with consolidated access to capital markets. This independence is founded on the absence of conflicts of interest, which enables Intermonte to be a respected partner both for institutional investors or companies, within the Sales & Trading or Investment Banking divisions, and for the financial consultants segment, which is addressed through the digital channel.

## Description of group activity

### Sales & Trading

The Sales & Trading business offers brokerage services to Italian and international institutional clients such as banks, insurers, asset managers (SGR), mutual funds, hedge funds, pension funds and other market operators.




The Intermonte sales force provides extensive geographical coverage, especially of the main financial markets, with desks dedicated to Italy, United Kingdom, continental Europa, USA and Canada.

Through this business line, the group also offers trading on behalf of third parties on Italian and foreign equity, bonds (sovereign and corporate), derivatives (listed and non-listed), Exchange Traded Funds (ETF) and green certificates ($CO_2$).

Intermonte also offers its clients so-called interconnection services, operational access to markets and multilateral trading facilities on which the group is active. The business line operates "directly" on Italian markets such as: Euronext Milan (EXM), TAH, MOT (DomesticMOT and EuroMOT segments, SeDeX, IDEM, ETFplus, Euronext MIV Milan (MIV), ExtraMOT, Euronext Growth Milan, EuroTLX and Eurex) and has indirect access through other brokers to all the main regulated markets and multilateral trading facilities in Europe, the US and Asia, as well as best execution systems, used to ensure the best execution of client orders, and trading platforms (such as Bats, Chi-X, Liquidnet, Posit, Turquoise, among others).

Post-market activities, which include the settlement and reconciliation stages of all transactions brokered by the Intermonte group, are supported by an internal back office that guarantees proper settlement of transactions.

Since 2014, Intermonte Partners has operated on the European Union Allowance (EUA) emissions trading market, offering its clients the best conditions for the purchase and disposal of these instruments through over-the-counter (OTC) transactions on the main trading platforms. Intermonte offers various products for emissions trading, such as access to the derivatives market, in-depth analysis of international regulations, reports and research.

There are over 25 professionals working in the Sales & Trading business line, with 20-year experience on average. They contact Intermonte's 750+ clients on a daily basis.

### Investment Banking

In the Investment Banking business line, Intermonte group offers a wide range of consultancy services, aimed at listed and non-listed Italian companies, with a focus on SMEs. Its activities can be categorised in the following areas:

- Equity Capital Markets (ECM)

  Predominantly related to market listings, both on the regulated Euronext Milan (EXM) market and the non-regulated Euronext Growth Milan (EGM) market, capital raises, share placements with investors, and public tender or exchange offers, carried out in the role of global coordinator, sponsor, Euronext Growth Advisor of the placement syndicate, underwriter for capital raises or broker tasked with coordinating subscriptions for public tender or exchange offers, depending on the particulars of the case. As well as raising capital, ECM activity also includes placements or purchases on the market of significant stakes in listed companies through accelerated book building (ABB) or reverse accelerated book building (RABB) mechanisms open to institutional investors.

- M&A e Advisory

  Consultancy activity, provided to corporate clients (listed and non-listed companies and/ or their main shareholders), private equity houses and financial institutions. The consultancy offered is in relation to mergers and spin-offs, disposals and acquisitions, including evaluating the target companies for the same transactions and the issue of fairness opinions from a financial point of view, and capital restructuring operations for industrial and financial companies.

- Corporate Broker and Specialist

  Consultancy activity provided to listed companies in areas such as promotion of their equity story with institutional investors, preparation of documentation aimed at the financial community and, more in general, fostering relations between companies and financial markets as well as providing assistance to management of listed companies and monitoring market trends in listed financial instruments. These activities may extend to supporting the liquidity of financial instruments.

- Debt Capital Markets (DCM)

  Consultancy activity on debt structuring, namely identifying the best technical format to meet the financial needs of the client, as well as on the placement of financial debt instruments and/ or bonds both to the general public and to institutional investors; advisory activity for, among other things, raising debt capital through leveraged buyout/ M&A transactions, financing by traditional players (banks) and alternative operators (institutional investors, insurers, etc.) and assessing the ideal financial structure of the company.

  In recent years the business line has represented a major area of development for the Intermonte group, with a significant broadening of the services offered, as well as a major increase in the number of dedicated professionals.

### Global Markets

The Global Markets business line provides the group's clients with services on all Asset Classes (equity, bonds, currencies, commodities, derivatives and ETF) through trading on own account, market making and brokerage, enabling investors to prepare strategies for investment or portfolio risk hedging.

The Global Markets business line combines various business areas:

- **Client-Driven & Market Making:** trading activity featuring very low levels of risk, as the financial instruments are generally purchased and sold on behalf of third-party investors during the course of the same day of trading, thus limiting net exposure risk to financial instruments at the end of the day, or hedged with closely-correlated instruments that significantly reduce market risk. The activities carried out in this area of the business line mainly consist of:

  a) **Market Making**: on equity derivatives (US and European options and single stock futures on the main components of the FTSE MIB index or the index itself, as well as options on the leading European stocks on the Eurex) and on government bonds, and liquidity provider activity on equity securities, continuously displaying bid and ask proposals on the instruments in order to support liquidity according to the parameters set by the regulations applicable to each marketplace;

  b) **ETF Trading**: trading activity on the main multilateral trading facilities (MTF), on passive listed ETF/ ETC instruments;

  c) **Fixed Income**: brokerage of debt securities with the aim of offering clients coverage of all phases of fixed income activity, from placement on the primary market, through brokerage on Italian and foreign corporate and government bonds on the secondary market, to market making activity;

  d) **Specialist**: acting as a specialist operator on shares traded on the Euronext Milan, Euronext STAR Milan and Euronext Growth Milan markets in order to support liquidity within the parameters set by the manager and the regulations applicable to each market;

  e) **Electronic Trading & Execution Service**: the team provides electronic access to global markets through a range of technologically-advanced platforms and interfaces that allow high-performance, low-cost connections to the leading financial markets.

- Proprietary Trading: or trading on own account, is characterised by a higher level of risk, albeit constantly monitored by the risk management department, as the financial instruments can remain on the company's book overnight, meaning the proprietary portfolio is subject to fluctuations in the prices of the instruments on which there is a position.

Directional trading involves taking on market risk: on each occasion positions are opened based on specific trading strategies and remain on the company's proprietary book.

The activities carried out in this area of the business line mainly consist of:

a) **Volatility Trading**: aimed at exploiting investment opportunities deriving from proprietary analysis of surface volatility with an eye on relative value;

b) **Risk Arbitrage & Special Situations**: aimed at exploiting investment opportunities deriving from capital and/ or other transactions or extraordinary events relating to companies, such as capital raises and public tender and/ or exchange offers, for example;

c) **Algorithmic Trading**: executed through proprietary decisional algorithms based on standard and innovative quantitative analysis;

d) **Directional Trading**: on shares, derivatives, bonds and ETF, aimed at executing investment strategies based on fundamental analysis, technical analysis and/ or news on issuing companies and/ or market-sensitive information.

In terms of risk management, the Global Markets area is constantly monitored by the risk management department, which ensures compliance with all pre-defined limits for individual risk parameters, or more generally the value-at-risk (VAR), a risk indicator commonly used by treasuries, banks' proprietary portfolios and the wider investment world, which measures the maximum expected daily loss on positions in the portfolio in the event of extremely adverse scenarios affecting the value of the individual positions, while a periodical stress test analysis positing even worse conditions is also combined with the VAR.

### Digital Division & Advisory

The Digital Division & Advisory business line includes:

a) **Websim**: financial services and content through digital channels to retail customers;

b) **TIE (The Intermonte Eye)**: consultancy, investment solutions and training to financial advisors and private bankers through digital channels (apps, webinars);

c) **"Advisory & Gestione" activity:** consultancy on portfolios, directly through a portfolio management mandate or indirectly through structured advisory offered to private bankers or corporate treasury departments;

*The services provided by the business line are described in more detail below.*

**Websim**

Intermonte group's presence in the digital channel dates back to 2000 with the creation of Websim, a brand operating in consultancy and service provision to retail investors that are customers of the leading digital brokers, including FinecoBank S.p.A., as well as other important retail banking channels. The online broker segment has grown rapidly in Italy, and now accounts for c.30% of total volumes traded on the Italian market.

The Websim team takes the content generated by the Intermonte Research Department, simplifying it for non-professional retail investors and adding further content of greater interest to retail investors, such as technical analysis and interviews with company management. Thanks to the consolidated presence of the Websim brand for more than two decades, it is particularly well recognised among FinecoBank SpA's retail clients as well as other online brokers that use Websim's services, accounting for c.30% of volumes traded on the Italian equity market;

Websim currently sells its service directly to retail users on a subscription basis (B2C), to institutional operators (B2B) who supply Websim financial information and content to their clients, and finally to listed issuers interested in increasing their visibility with the retail segment, given its growing importance in terms of total volumes traded on the Italian market.

For more information visit: www.websim.it

**TIE (The Intermonte Eye)**

The brand, created in 2019 and dedicated to financial consultants/advisors and private bankers, completes the digital division's offering. Its strategic rational derives from analysis of the growing demand for specialist, independent advisory from financial consultants, caught between the growing transparency requirements introduced by MiFID II from 2018 and rising demand for increasingly specialist advisory and other services from medium and medium/high-end clients that are becoming accustomed to using digital channels. Demand was boosted sharply as a result of the Covid-19 pandemic, when both private clients and consultants became more accustomed to using digital channels. Indeed, with end clients increasingly demanding professional financial advisory services, including through immediately and easily-available digital solutions, financial advisors and consultants are being driven to broaden the range of quality services offered, particularly with the aim of increasing services offered on administered assets. TIE fills this gap, which is not covered by Intermonte's other areas of activity, providing consultancy services, investment solutions, analysis and educational content, as well as webinars across various channels, both internal (the dedicated TIE app, proprietary mailing lists), and external (such as the publicly accessible

social media platforms, above all LinkedIn, and proprietary platforms of clients and partners). Further growth comes from investment in multimedia audio and video content, which make the commercial strategy even more alluring. The positioning as an independent advisor makes the Intermonte group /TIE a particularly credible intermediary for financial consultants, who, given the demands for increased transparency imposed by MiFID II, benefit from the necessary education and a useful flow of information from TIE, and are therefore believed to be more willing to consider the investment solutions proposed.

For more information visit: https://tie.intermonte.it/

**Advisory (Advisory e Gestione)**

The Advisory e Gestione division was formed in 2016 and offers portfolio management services (through direct mandates or by proxy), and advisory on investment matters (through consultancy on portfolios) to institutional clients in the private banking arena. Proxy management is focused on Intermonte SICAV (*Société d'Investissement à Capital Variable*) which predominantly invests in European corporate bonds and equity, with particular focus on Italian issuers, through a flexible investment strategy. Moreover, over the years the division has taken on consultancy mandates for portfolios from some private banking operators, as well as providing advisory on liquidity management or specific strategies for companies' treasury departments. Finally, the division offers consultancy services to private banking structures with theme-based portfolios, and is increasingly specialising in ESG products.

## Equity Research

Equity Research consists of producing fundamental analysis into companies listed on the Italian market. The specific focus on Italian Mid & Small Caps ensures the Intermonte Equity Research team stands out from the crowd.

Equity Research is a fundamental pillar of the Intermonte Group's activity. Indeed, the work carried out by the research department has synergies with the other divisions, and research plays a fundamental part in Sales & Trading activity, as well as Corporate & Investment Banking, as and when required.

A distinguishing feature of the Equity Research carried out by Intermonte is the focus dedicated to the Mid/Small Caps sector, through production of sector-specific research dedicated to small and medium-sized companies, such as the Italian Mid Small Caps Monthly, as well as in-depth reports on themes of specific interest for this segment of stocks.

Research activity to support the generation of investment ideas for the Intermonte Group's institutional clients comprises a variety of reports published over time. The main product consists of individual reports on listed issuers that analyse company fundamentals and communicate an investment recommendation that is updated following key events involving the company and as and when required. The company produces a wide range of reports, including the *Morning Call from Italy* (a daily update in Italian and English circulated as the market opens), the *Italian Equity Strategy Monthly* (a monthly update on expected trends in the Italian equity market), and *Sector Reports* (sector-wide research) and *Equity Focus* focused on specific topical themes affecting market performances). Furthermore, more wide-ranging strategic reports outline the market, economic and sector trends expected to prevail over the next six months. As of 2020 the product offer was enhanced with a series of reports under the heading *Green is the New Gold,* tackling the main regulatory matters affecting issuers and investors in relation to Environmental, Social and Governance (ESG) themes, notably climate transition, which are taking on rising importance in investment and communication strategies.

For the last decade the Intermonte group and its research team have been promoting the "*Eccellenze del Made in Italy*" event, one of the most important shop windows in Italy for small and medium-sized listed companies and a key opportunity for them to meet professional investors. This is now an established event that helps enhance the visibility and liquidity of listed SMEs.

Members of the Equity Research team are highly qualified, and the group encourages continuous professional development. Sterling efforts are also made to provide opportunities to talented young graduates, including through internships run in partnership with the leading Italian universities. Some members of the team recently participated in the first edition of an in-depth ESG course organised by Milan Polytechnic University and CFA Italia, for which they received diplomas. The company also subsidises the costs for the international Certified Financial Analyst (CFA) exam.

For a number of years, the Equity Research team has participated in drawing up research in partnership with the Milan Polytechnic Engineering Faculty's School of Management. The research publications focus on issues that are of particular importance for the Italian equity market, and are presented at official events with strong media coverage.

Recognition received by the Equity Research team includes various awards in the rankings drawn up by Institutional Investor, one of the leading international publishers specializing in finance. Specifically, Intermonte placed second in the annual rankings for its Italian Mid/Small Caps research. 2021 results of Institutional Investor's Developed Europe Research Ranking rewarded the quality of Intermonte's activity in the Italian Small & Mid Cap Stocks segment.

This recognition was even more significant as the survey results were based on voting from international institutional investors. 228 international investment firms participated in the survey on Italy, casting over 1,500 votes, demonstrating the visibility and reputation of Intermonte well beyond Italian borders.

## New Initiatives

### Partnership with QCapital

In the second quarter of 2021 Intermonte Group signed a partnership agreement with QCapital, focused on structuring club deals for investing in Italian Mid/Small Caps.

QCapital is dedicated to organising private equity club deals on Italian SMEs. Founded by Stefano Miccinelli, Renato Peroni, Massimo Busetti, Giovanni Pedersoli and Francesco Niutta, the company plans to be a stable, well-resourced entity that has the aim of carrying out an indicative maximum of two investments per year through the organisation of club deals to propose to a consolidated network of professional investors, family offices and entrepreneurs. The team of QCapital shareholders boasts a lengthy track record in private equity transactions, in some instances as investors, at other times as strategic consultants and/ or M&A advisors.

The targets will be Italian SMEs that are already listed on regulated markets or are close to listing, featuring excellent market positioning in highly-profitable sectors, attractive growth opportunities and positive long-term trends. The average size of each investment can be between €10mn and €30mn for a minority equity stake, with a period of 3-4 years in which to execute the disinvestment.

Investments will be organised as club deals, and proposed to a consolidated network of professional investors, family offices and entrepreneurs. If the investment is approved, both the Intermonte Group and QCapital will invest in the specific club deal.

## Group History

On their departure from an international group in 1995, the founding partners of Intermonte SIM came together with Banca Intermobiliare to set up the brokerage company "Intermobiliare Securities SIM". From the word go, the new firm was characterised by a strong vocation for fundamental research with a specialisation on the Italian market, and it quickly established itself as a highly respected broker, above all among major international investors.

After a brief start-up phase, as a consequence of the rapid success achieved by Intermobiliare Securities SIM, Banca Intermobiliare sold its controlling stake to Banca Agricola Mantovana S.p.A.. Thanks to the financial support from the new parent company, in 1999 the firm became the top broker by volume of brokerage on the Italian market, according to the Assosim ranking. In the same year, the firm became part of the group headed by Banca Monte dei Paschi di Siena S.p.A. ("MPS Group") following the latter's successful conclusion of its PTO on Banca Agricola Mantovana S.p.A.

Following the acquisition by the MPS Group and the transfer of Monte Paschi Mercato SIM S.p.A. by the latter, 2/3 of the company's equity was owned by MPS Group and 1/3 by the original management. Thanks to this purchase the company, renamed Intermonte Securities SIM, accelerated its diversification from pure brokerage and research into investment banking, as well as setting up Websim.

In November 2007, a management buy-out began which culminated in July 2008 with the original management team, brought together in Intermonte Partners (at the time named Intermonte Holding), assuming control of Intermonte SIM.

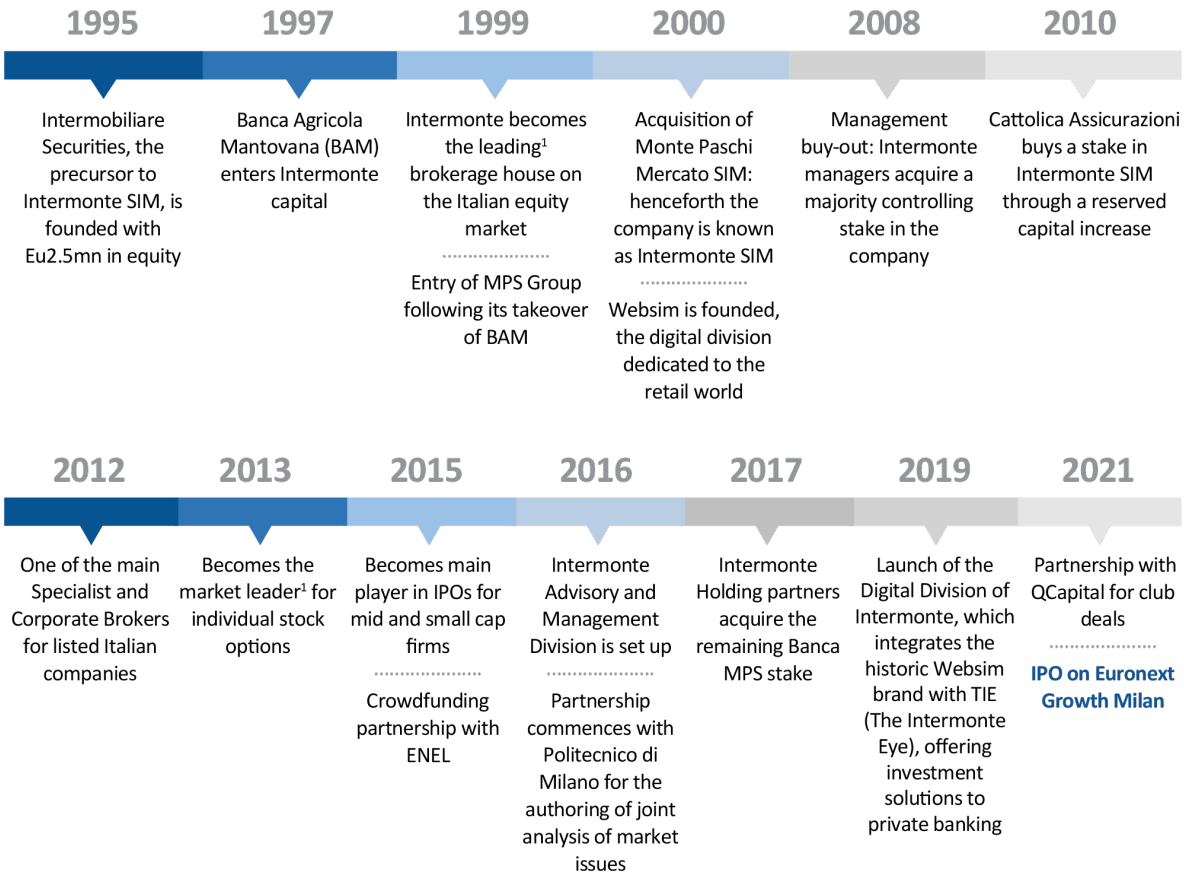
In 2010 a capital increase reserved for Società Cattolica di Assicurazioni S.p.A. saw the latter company enter the capital with a stake that, following the definitive exit of MPS in 2017, now stands at c.12.7%. In 2011, a similar, albeit smaller, transaction was agreed that brought ICCREA Holding S.p.A. into the shareholding with a stake of c.1.4%.

In the meantime, the Intermonte Group continued to strengthen its positioning in the Italian Mid & Small Caps segment, quickly becoming one of the main operators in the *Corporate Brokerage* and *Specialist* sector. Moreover, the capital increase enabled an important development of market making in Italian equity derivatives, further broadening the range of services offered to institutional clients.

In 2017, a buyback on the entire residual stake held by Banca Monte dei Paschi di Siena S.p.A. brought the stake held by Intermonte Partners SIM to c.85.9% of Intermonte SIM equity (net of treasury shares).

In the last few years, Intermonte Group has invested further in diversification through the setting-up of the Digital Division, which combines the new TIE (The Intermonte Eye) brand and Advisory activity with the established Websim brand.

In 2021, Intermonte Group commenced work for the flotation of the parent company on the Euronext Growth Milan (EGM) segment of Borsa Italiana, a transaction that was successfully completed on 21st October 2021. During the same year it signed a partnership with QCapital, a primary independent operator in the Club Deal segment, dedicated to co-investing in minorities of Italian mid/small cap that are already listed or on their way to IPO.




Note: 1. Source Assosim

# 2021 Annual Report

## Introduction

In 2021 the group conceived and completed the project to list on the Euronext Growth Milan (EGM) market (formerly AIM Italia / Alternative Investment Market), organised and managed by Borsa Italiana S.p.A., a market dedicated to small and medium-sized enterprises with high growth potential.

The Intermonte Partners SIM S.p.A. consolidated financial statements are made up of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cashflows and explanatory notes for the year ending 31st December 2021.

## Macroeconomic Scenario

### *2021 macroeconomic scenario*

At the beginning of 2021 the Covid-19 pandemic situation was of growing concern everywhere, with the exception of China, which as the source of the original outbreak was consequently at a more advances stage with its mitigation efforts. As vaccination programmes increasingly started to become effective, the global economy got going again, although there were still periods of inconsistency due to the different speed at which the second wave of the pandemic broke out in the later stages of the year in the different geographical areas. For example, the USA showed a marked slowdown in growth in the third quarter, then recovered in the fourth quarter (reporting QoQ GDP growth of +0.6% and +1.7% respectively), with a significant contribution from inventories in both quarters.

On the other hand, in the Eurozone, GDP slowed down towards the end of the year, due to the surge in infections and ongoing supply chain difficulties that hindered manufacturing.

Based on initial preliminary figures (where available) for 4Q GDP trends and IMF estimates (World Economic Outlook January 2022), 2021 trends in the various geographical areas were as follows: Eurozone +5.2%, Italy +6.5%, UK +7.2%, Japan +1.6%, USA +5.6%.

In more detail, in the fourth quarter Eurozone GDP growth slowed considerably (+0.3% QoQ, from +2.3% in 3Q), but returned to the level reached at the end of 2019. Trends in the final quarter of 2021 were fairly consistent across the area, with particularly strong growth in Spain (+2.0%), slower growth in France (+0.7%), and a decline in Germany (-0.7%). Looking specifically at Italy, growth remained high in the second and third quarters of the year (+2.7%

and +2.6% QoQ respectively), then slowed in the final quarter (+0.6% QoQ), mainly due to the new wave of the pandemic. For Italy, 2021 closed with GDP growth of +6.5%.

In the second half of 2021, focus was mainly on the rapid rise in inflation, which reached +7% in the USA and +5% in the Eurozone. There were a number of common factors driving this surge, as well as specific elements in different areas. Among the former was the cost pressure deriving from supply chain bottlenecks, which translated into considerable delays and increased costs in delivering goods. This was demonstrated by the ongoing phase of high freight rates, with the World Container Index (which measures transport costs for 40ft containers) rising 113% in 2021, hitting a new record level. Elsewhere, the rise in raw materials was another important factor, with the Bloomberg Commodity Index showing a +27% increase in USD.

Companies sought to tackle supply chain problems by acting in the second half of the year to rapidly rebuild inventories that had been consumed in the early stages of the year. In the USA, for example, the contribution to the change in GDP from the inventories component was 2.2% and 4.4% in the third and fourth quarter of 2021 respectively, after a negative contribution of c.2% in the first half of the year.

Among the factors specifically affecting the Eurozone were the sharp increase in TTF Gas price, up +265% at the end of 2021, in the wake of tensions with Russia in a scenario where European inventories were below the 5-year average. In the USA, the main specific element was the sharp increase in rental costs (which make up c.30% of the general consumer price index), following the strong upturn in property prices, which brought the so-called price-to-rent ratio to record levels, making renting a more convenient alternative to buying.

China remained relatively unaffected by inflation, with the change in the consumer price index coming to 1.5% in December.

In terms of fiscal policy, the main event in 1H21 was the USA's approval of a US$1,900bn plan, comprising various spending lines, including cash payments of up to US$1,400 for every adult citizen, a temporary US$300 per week increase in unemployment benefit, and US$350bn of assistance to state, local and tribal governments. In November a c.US$1,200bn infrastructure plan was approved, around half of which related to new Federal investments to be implemented over the following five years. The so-called Build Back Better plan, targeted at support for welfare and the energy transition, did not go through in full, with the intended original investment cut in half to US$1,750bn.

In the Eurozone, following the completion of the approval process for national recovery plans by mid-year, the first recovery fund payments were made to individual member states. After receiving the 13% pre-financing at mid-year (c.Eu25bn), on 31st December 2021 Italy received the first instalment of resources envisaged under the NRRP: this comprised Eu24.1bn, of

which Eu11.5bn in grants and Eu12.6bn in loans, disbursed once the European Commission had verified the achievement of 51 targets and milestones.

The rise in interest rates in the early part of the year was interrupted between March and the summer. This temporary break was attributable to technical factors linked with renewed hedging as well as fears of a slowdown in growth, which actually came to pass in the third quarter of the year in the USA, as mentioned above. Subsequently, on average interest rates tracked a modest upward trend, in correlation with rising inflation trends that led to the Fed initiating tapering in early November, then picking up the pace in December in order to cancel out the QE on Treasuries and MBS by March 2022. During the fourth quarter the Fed changed its view on inflation, no longer defining it as temporary but stating in November that it expected it to reduce during the second or third quarter of 2022.

The ECB took a different approach, continuing until the end of 2021 to hold the view that inflation was a temporary phenomenon that would ease during 2022. Based on this assumption, at the end of the year President Lagarde reiterated plans not to change interest rates for the following year. In December she also confirmed the end of the Eu1,850bn pandemic emergency purchase programme (PEPP) in March 2022, announcing a reduction in the overall amount of QE with a switch to a single asset purchase programme (APP) line of Eu40bn per month in the second quarter, Eu30bn per month in the third quarter and Eu20bn per month from October. Lagarde also confirmed the intention to continue to reinvest maturing securities for an extended period of time beyond the date of the first rise in interest rates, and in any case for as long as the ECB considered it appropriate.

In this scenario the US forward interest rate curve showed a flattening trend from March onwards: for 2/10 year Treasuries the spread went from the yearly high of 158bp in March to c.80bp at the end of 2021. For the Euro curve, the 2/10 year Swap spread fluctuated around the 50bp mark, with the low point in August at 38bp, and closed the year at close to 60bp. In all likelihood the different behaviours of the interest rate curves by maturity (flattening in the USA, relatively sideways movement in the Eurozone) correspond to the differences in monetary policy between the Fed and the ECB, with the former being much more restrictive while the latter adopted more of a wait-and-see approach.

As for currency markets, on average the dollar appreciated against the main currencies, especially in the second half of the year. Indeed, in the early months of 2021, there were prevailing expectations that the substantial fiscal plans announced by new President Biden would lead to a marked increase in the so-called twin deficits (i.e. budget and current account deficits), mainly as a result of the hefty bond issues that would be needed to finance this expansive fiscal policy. In the second part of the year, however, the impact of interest rate differentials proved more influential, with the USA/Germany spread on the 2-year component

going from c.80bp at the beginning of 2021 to c.135bp at the end of the year. Once again, the differing monetary policies of the Fed and the ECB was the determining factor.

During 2021 equity markets benefited from a favourable scenario, featuring prospects for a recovery in all productive sectors, significant available liquidity and low interest rates. Markets were also boosted by political events, such as the election of Biden in the USA and Draghi taking the reins of government in Italy, as well as the public health situation and the vaccination process. Similar market trends were seen throughout the western world, with weakness in the early months of the year followed by a rising trend for most of the remainder, reaching its peak in mid-November. The different composition of indices, some of which are more weighted to growth stocks and others to value stocks, dictated the timing of highs and lows. It was a different story for the NASDAQ, which showed greater volatility than other indices due to its concentration of growth and tech stocks. At the end of the year the best markets proved to be the French market (+27%) and the US S&P500 index (+28%). In Italy the best performing markets were those for small caps (FTSE Italia STAR +45%) and mid-caps (FTSE Italia Mid Cap +30%), which were mostly made up of stocks from rapidly growing sectors, linked to flourishing themes such as digitalisation, green economy, renewable energy, electronic payments and cyber security, all of which featured in EU development plans and will be financed by the Recovery Plan. The main Italian indices also recorded strong performances: FTSE Mib +23% and FTSE All Shares +24%.

In 2021 trading on Borsa Italiana came to Eu613bn, up from Eu605bn in 2020.

As at 31st December 2021, the number of companies listed on the main Euronext Milan market came to 229, with a further 174 listed on the Euronext Growth Milan market.

There were 49 initial public offerings (IPO) on Piazza Affari in 2021, of which 5 on the Euronext Milan (ex MTA) and 44 on Euronext Growth Milan (ex-AIM Italia). This marked an increase on previous years, with 22 IPOs in 2020 and 35 in 2019.

There were 16 capital raises and placements, which brought in a total of Eu1.3bn.

At the end of 2021 total market capitalisation came to c.Eu758bn for the Euronext Milan, of which Eu68bn on the STAR segment, and c.Eu12bn for the 174 companies on the Euronext Growth Milan.

### *2022 macroeconomic prospects*

Looking ahead to 2022, the global scenario remains characterised by risk factors such as the ongoing supply chain difficulties, the impact of the normalisation of economic policy, the European energy crisis and the growing geopolitical tension resulting from the outbreak of war in Ukraine and the potential global macro/geopolitical repercussions. Inflation will probably remain the central focus for political and economic protagonists (central banks and governments), with the Fed leaning towards accelerating the pace of interest rate hikes and then reducing its balance sheet by paring back on reinvestments, and some members not ruling out asset sales, in particular MBS. In the Eurozone, the surge in inflation to 5.8% in February has led the ECB to step up its tapering, with a possible end to QE in the third quarter.

The crisis in Ukraine could have a marked impact on Italy, given the country's heavy reliance on the gas component in general and Russian gas in particular. At the moment, in 2022 Italian GDP is forecast to grow 3.3% according to the median of the *Bloomberg News* consensus, down from 4.3% forecast at the beginning of the year, with the latest estimates from contributors highlighting the possibility of growth falling well short of 3%, in conjunction with a protracted war in Ukraine and the further tightening of sanctions. All of this comes in the context of a sharp rise in inflation, which in Italy has reached 5.8% from the 2.30% forecast at the beginning of the year for the whole of 2022, again according to the median of the *Bloomberg News* consensus. Events in Ukraine raise a number of critical issues for Italy for 2022, not just associated with high energy prices but also its ability to meet the requirement of 90% of gas storage capacity being filled by 1st October, as proposed by the EU's REPowerEU plan.

During the year there will be two important elections, namely the Presidential election in France in April and US mid-term elections in November. The electoral test in Italy will come from the 2Q municipal elections, which will involve various provincial capitals, and will provide an important gauge for the general election scheduled to be held in 2023. Moreover, during 2022 talks should take place over revisions to the stability and growth pact, an agreement signed by the European Union member states in 1997 that governs their budgetary policy. Indeed, the suspension of the pact in order to tackle the pandemic is due to run out at the end of 2022. Furthermore, following the war in Ukraine, talks have begun within the European Council to launch a new EU programme to support the energy and defence sectors. The EU Commission is expected to present details for these two areas in May.

## Group Performance

### *Market trends*

2021 was characterised by the prolonged continuation of the Covid-19 pandemic, but following the significant negative impact suffered in 2020, markets tracked positive trends (FY21 performances: FTSE MIB +23%, FTSE All Shares +24%) with volatility steadily reducing as market volumes drew back from the 2020 peaks, but with greater participation from institutional investors, especially from abroad.

The improvement in the Italian macroeconomic situation, the renewed interest in the Italian stock market, including from foreign investors, and greater political stability supported excellent performances by all of Intermonte's divisions. In general, 2021 showed significant improvements in all segments in which the group operates.

### *Operational income statement and revenue trends by business unit*

The group closed 2021 with consolidated adjusted net profit of Eu9.1mn, a 17% increase on the 2020 figure.

Total net revenues were driven by the Sales & Trading business unit, which contributed c.36% of total net revenues, and by Investment Banking, which contributed 26%. The weight of the Global Markets business unit on total net revenues decreased to 30%, while Digital Division & Advisory accounted for 8%.

**ALTERNATIVE PERFORMANCE INDICATORS**

| | FY2019 | FY2020 | FY2021[1] | FY21 vs FY20 % |
|---|---|---|---|---|
| ROE (%) | 8.5% | 14.2% | 23.0% | 880bps |
| ROTE (%) | 8.5% | 14.2% | 23.0% | 880bps |
| Comp/revenues (%) | 45.4% | 48.0% | 45.3% | (276)bps |
| Cost/income ratio (%) | 76.4% | 70.0% | 67.2% | (273)bps |
| Tax rate (%) | 24.8% | 25.9% | 26.1% | 18bps |
| Number of employees (n.#) | 132 | 130 | 135 | 3.8% |
| CET1 ratio (%) | 30.1% | 27.2% | 39.5% | 1,233bps |
| T1 ratio = TCR (%) | 30.1% | 27.2% | 43.6% | 1,646bps |
| EPS[2] (Eu per share) | 0.1493 | 0.2184 | 0.2822 | 29.2% |
| DPS (Eu per share) | 0.1591 | 0.2045 | 0.2600 | 27.1% |

Notes: 1. alternative performance indicators for 2021 were calculated based on consolidated adjusted net profit; 2. calculated on the number of shares outstanding

The group closed 2021 with adjusted ROE of 19.5%, while capital ratios remained high, with the CET1 ratio and the Total Capital Ratio (TCR) coming to 39.9% and 44.0% respectively.

SREP requirements assigned to the Intermonte Group by the Bank of Italy, in the event of a deterioration in the economic and financial environment, were as follows: CET1 ratio of 7.83%, a Tier 1 ratio of 9.54% and a TCR of 11.82%. During 2021, Intermonte's capital ratios remained well above the regulatory minimum.

From June 2021 the Group benefited from the introduction of the new European Directive for Financial Intermediaries, which introduced capital requirements that are more in line with the activity of financial brokerage. For more details see the section entitled "Main business initiatives".

### CONDENSED INCOME STATEMENT

| (Eu mn) | FY2019 | FY2020 | FY2021 | FY21 vs FY20 % |
|---|---|---|---|---|
| Sales & Trading | 14.0 | 14.5 | *15.9* | *10.1%* |
| Investment Banking | 6.9 | 9.6 | *11.4* | *19.5%* |
| Global Markets | 11.6 | 13.6 | *13.0* | *(4.1)%* |
| Digital Division & Advisory | 2.4 | 3.1 | 3.4 | 11.6% |
| **TOTAL NET REVENUES** | **34.8** | **40.7** | **43.8** | **7.7%** |
| Personnel expenses (1) | (15.8) | (19.6) | (21.6) | 10.7% |
| Other operating expenses (2) | (10.7) | (8.9) | (10.4) | 16.1% |
| **Total costs** | **(26.6)** | **(28.5)** | **(32.0)** | **12.4%** |
| **Consolidated pre-tax profit** | **8.2** | **12.2** | **11.8** | **(3.3)%** |
| **Consolidated adjusted pre-tax profit** | **8.2** | **12.2** | **14.4** | **17.4%** |
| Taxes and duties | (2.0) | (3.2) | (3.1) | (2.7)% |
| **Consolidated net profit pre-minorities** | **6.2** | **9.1** | **8.7** | **(3.5)%** |
| Profit (Loss) attributable to minority equity interests | (0.9) | (1.3) | (1.5) | 18.1% |
| **Consolidated net profit** | **5.3** | **7.8** | **7.2** | **(7.2)%** |
| **Consolidated adjusted net profit** | **5.3** | **7.8** | **9.1** | **17.0%** |

Notes: 1. This item includes remuneration of executive directors but excludes remuneration of non-executive directors and statutory auditors; 2. This item includes the remuneration of non-executive directors, statutory auditors, depreciation/amortisation or net impairment losses on tangible and intangible assets, and operating income and expenses; 3. Non-recurring costs relate to administrative expenses and bonuses incurred in relation to the IPO in 2021.

### Sales & Trading

In 2021 the Sales & Trading division, which carries out brokerage activity on behalf of clients, closed with revenues of Eu15.9mn (36.4% of group revenues), up 10.1% year-on-year (from Eu14.5mn in FY20). In particular, we highlight a positive trend for the cash equity business, where growth was much faster than the total value traded on Borsa Italiana (EXM + EGM), which increased by 1.3% in 2021.

During 2021, there was an increase in cross-selling, enhancing the number of clients that operate, through Intermonte, on other securities in addition to Italian equity, such as ETFs, derivatives, bonds, options, etc.

As described above the Sales & Trading division benefited both from an increase in the volumes of Italian and foreign shares traded and a sharp rise in the volumes traded on ETFs, which more than offset the decline in bond volumes from the exceptionally high levels recorded in March 2020 following the outbreak of the Covid-19 pandemic.

In 2021, the Sales & Trading business unit served over 750 clients, an increase of some 33% compared to 2020. Of these, over 40% are based on foreign markets, mainly the United Kingdom, other EU member states and the United States of America.

Notably, there was a significant recovery in Trading commissions coming from clients in the USA (+85% vs. 2020), the UK (+12%) and France (+38%).

### Equity Research

During 2021, the activity of the Equity Research department was confirmed as a fundamental strategic component of the SIM's brokerage business and as a key product for relations with the client base. During the year the team continued to operate a hybrid regime of remote and office-based working as a result of the public health situation and in order to meet the needs of analysts and improve productivity.

The make-up of the research team remained fairly constant over the year, confirming the very limited turnover that has positive repercussions on operational continuity and the strengthening of relations with both clients and issuers. As well as the usual morning report, the Research department provided the Group's clients with regular timely updates on issuers and sector reports with a more strategic focus, particularly on issues such as the impact of the NRRP and developments in ESG themes on the Italian market, as well as in-depth thematic reports on specific segments of the Italian market, such as tech/digital, for example. In 2021, total Research department production came to 740 reports (from c.750 in 2020) for a total of over 5,800 pages, up from c.5,760 pages the previous year.

The organisation of events and company presentations continued to suffer from the public health conditions, with an extremely small number of in-person events, which included the

traditional annual 'Le Eccellenze del Made in Italy', held this year at Stresa at the end of September and attended by a significant number of Italian small and mid-cap companies with strong investor participation. The event demonstrates Intermonte's constant commitment to increasing visibility on listed SMEs and the success of the 2021 edition, despite the tough context, is testament to the growing investor interest in this type of company. During the year the company continued to organise opportunities for issuers and investors to meet remotely thanks to the use of more effective technological instruments. Events with other institutional partners were also held digitally, such as the now traditional partnership with Borsa Italiana for the 'Italian Equity Week', a week of meetings dedicated to listed Italian companies, which peaked with the Infrastructure Day, which for some years now has been attended by the largest Italian infrastructure companies. Intermonte also participated in Borsa Italiana's sustainability initiatives, such as the 'Italian Sustainability Week', which was held in June. The partnership with Milan Polytechnic University Management Engineering Department's School of Management also continued, culminating in the production of thematic Research Dossiers on arguments of particular interest for the Italian financial market.

The overall environment continued to feel the negative effects of the introduction of MiFID 2 regulations, which had a structural impact on the volume and quality of research on small and mid-cap stocks. Despite the undoubted difficulties generated by the pandemic and MiFID 2, and also by the significant increase in de-listings, Intermonte renewed its efforts and commitment to providing a copious amount of high-quality research into small and mid-cap issuers, setting the company apart from its rivals. The Research Department initiated coverage on 11 new stocks during 2021, and was actively covering more than 120 stocks at the end of the year.

During the year, Intermonte continued its intense marketing activity on behalf of investors an in support of issuers, organising over 210 roadshows and c.2,800 meetings with investors.

### Investment Banking

The Investment Banking business unit (26.1% of revenues) posted 19.5% revenue growth to Eu11.4mn (Eu9.6mn in FY20). Intermonte acted as Sponsor and Global Coordinator in the listing of luxury yacht maker The Italian Sea Group on the MTA/ Euronext Milan market, and as Global Coordinator in the flotation of Omer, a manufacturer of train interiors, and cybersecurity services provider Sababa on the AIM Italia/ Euronext Growth market. Intermonte also assisted Abitare In as Sponsor in its translisting to the Euronext Milan market. In 2021, Intermonte successfully completed various institutional share placements, including for WIIT, LUVE, Seri, Alkemy and Cyberoo.

In M&A advisory, Intermonte fulfilled various important roles, confirming the company's position as a leading independent advisor on the Italian market. Among the main operations we highlight the role of advisor to Credito Valtellinese in relation to the PTO promoted by

Credit Agricole Italia, assistance as an advisor to Ambienthesis in the transfer of the environment sector assets of Greenthesis, and assistance to Investindustrial in its PTO on Guala Closures. Finally, the company maintained a strong positioning in Corporate Broker and Specialist activity, covering over 50 companies, including 18 listed on the STAR segment.

### Global Markets (G&M)

The Global Markets business unit closed 2021 with revenues of Eu13.0mn (29.7% of the total), down -4.1% from FY20 (Eu13.6mn), a year characterised by exceptionally high volatility and spreads. Specifically, 2021 saw growth in Client-Driven activities, especially in the Market Making segment on equity derivatives, which benefited from growing interest from institutional investors.

The results achieved by the division came with a limited level of risk, as demonstrated by the low impact on revenues from Directional Trading, which came to less than 2% of the business unit's revenues.

### Digital Division & Advisory

DD&A business unit revenues (7.9% of the total), were up 11.6% to Eu3.4mn (from Eu3.1mn in FY20), driven by an excellent performance from the digital division, up 22.9% thanks to both commercial activity with the financial advisors segment and increasing subscription rates of these clients to the digital services offered by the company.

The business unit therefore continued the strong growth trend already recorded in 2020, boosted by increased demand for innovative financial services and more widespread use of digital tools. The TIE division in particular, which offers education and investment solutions to financial advisors and private bankers, grew over 60%, demonstrating the validity of the business model.

### Costs

Intermonte closed 2021 with costs, net of non-recurring expenses linked to the IPO, up 3.5% to Eu29.5mn (Eu28.5mn in FY20), a much lower increase than the growth in revenues. The cost/income ratio therefore came to 67.3%, down from 70% in 2020 and 76.4% in 2019.

The non-recurring IPO costs incurred in 2021 came to Eu2.5mn, bringing total 2021 costs to Eu32.0mn, up 12.4%, while the overall cost/income ratio came to 73.0%.

**Personnel costs** net of non-recurring items came to Eu19.8mn, up 1.5% vs. 2020, highlighting an increase in the fixed component that was lower than the growth in total revenues, despite the new recruits that arrived during the year (the net balance shows an additional 5 employees, following the recruitment of 14 new personnel). The compensation/ revenues ratio, net of non-recurring IPO costs, came to 45.3% (49.4% including non-recurring costs), in line with the trend for the first half of the year. Total personnel costs, including non-recurring items, came to Eu21.6mn, up 10.7% year-on-year.

**Other operating expenses** were up 7.8%, net of non-recurring costs related to the IPO. Specifically, IT costs were up just 2.0%, benefitting from some of the investments made in the previous two years, while trading fees rose slightly, by 3.4%, in line with the trend in trading revenues. Other costs were up 15.1% due mainly to increased marketing activity.

Other operating expenses including Eu0.7mn of non-recurring costs relating to the IPO came to Eu10.4mn, up 16.1% year-on-year.

### Consolidated Net Profit

The group closed 2021 with consolidated net profit, net of extraordinary costs, of Eu9.1mn, up 17.0% vs. FY20 (Eu7.8mn). Including extraordinary costs, group net profit came to Eu7.2mn.

The tax rate was 26.1%, broadly in line with the previous year, and benefitting from a Eu0.2mn patent box tax credit relating to the Intermonte brand. Thanks to tax breaks for Italian SMEs that float on the stock exchange, the Eu0.7mn of extraordinary costs relating to the listing process generated a fiscal deduction of Eu0.3mn that can be used in 2022.

## *Consolidated shareholders' equity*

The following pages show the group's main balance sheet data as at 31st December 2021, with a comparison to the same figures at the end of 2020 and 2019. The items were reclassified based on the nature of the underlying asset or liability.

### CONDENSED STATEMENT OF FINANCIAL POSITION

| (Eu mn) | FY2019 | FY2020 | FY2021 | FY20 vs FY19 % | FY21 vs FY20 % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Financial assets | 236.5 | 226.7 | 257.2 | (4.1)% | 13.5% |
| Property and equipment | 5.8 | 5.1 | 4.5 | (12.9)% | (10.4)% |
| Intangible assets | 0.1 | 0.1 | 0.1 | (35.4)% | (17.2)% |
| o/w goodwill | - | - | - | n.s. | n.s. |
| Other assets | 47.2 | 45.9 | 70.5 | (2.7)% | 53.5% |
| **Total Assets** | **289.6** | **277.7** | **332.3** | **(4.1)%** | **19.6%** |

| Liabilities and equity | FY2019 | FY2020 | FY2021 | FY20 vs FY19 % | FY21 vs FY20 % |
|---|---|---|---|---|---|
| **Liabilities and equity** | | | | | |
| Financial liabilities | 196.7 | 178.9 | 245.9 | (9.0)% | 37.4% |
| Other liabilities | 14.8 | 17.9 | 22.5 | 21.3% | 25.8% |
| **Total Equity** | **78.1** | **73.1** | **56.7** | **(6.4)%** | **(22.5)%** |
| Shareholders' Equity | 67.8 | 62.2 | 46.6 | (8.3)% | (25.1)% |
| Minority equity interests | 10.3 | 10.9 | 10.1 | 5.6% | (7.7)% |
| **Total liabilities and equity** | **289.6** | **277.7** | **332.3** | **(4.1)%** | **19.6%** |

### ASSETS

**Financial assets measured at fair value through profit or loss** came to c.Eu140.6mn, down ~Eu6.1mn from the figure at 31st December 2020. Over the year the assets held for trading component showed an overall decrease of c.Eu6.1mn in long positions. This decrease was generated by the reduction in long equity positions (including shares and derivatives) for around Eu9.8mn, and in long positions on UCITS (Eu-0.3mn), offset by a slight increase in bond securities (Eu+0.5mn) and in the position on $CO_2$ quotas (Eu+3.5mn).

The proprietary portfolio is largely represented by operations on the Market Making and Specialist portfolio.

**Financial assets measured at amortised cost** came to Eu116.7mn, up ~Eu26.6mn on the previous year. This change is attributable to a Eu35.7mn increase in deposits with the central clearing house (Cassa di Compensazione e Garanzia - CCG).

**Property and equipment,** principally relating to leasing of the company offices and IT equipment, fell by c.Eu0.5mn due to the impact of amortisation in the period.

**Intangible assets** came to Eu0.1mn, comprising Eu61k in capitalised software, while goodwill was at 0 (Intermonte has no goodwill on its investments booked in its accounts).

No relevant assets showed any indicators of a need for impairments to be booked.

The **Other assets** item, which grew YoY, comprises pre-paid expenses relating to services paid in advance, and the increase in deposits in the Deposit Default Fund at CCG due to the increase in transactions in derivatives.

### LIABILITIES

**Financial liabilities measured at amortised cost** increased by Eu148.2mn. This change is predominantly due to growth in unsettled transactions with various counterparties for Eu12mn and an increase in bank financing.

Finally, the item in question comprises balances relating to leasing debts, in accordance with the IFRS 16 principle, which came down by ~Eu0.6mn to ~Eu4.2mn.

**Other liabilities** posted an increase of c.Eu1.1mn.

The **post-employment benefits fund** grew slightly to Eu0.8mn in line with provisions for the year.

**Provisions for risks and charges** contain the deferred portion of variable remuneration pending for employees, in accordance with the Capital Requirements Directive (CRD IV).

As at 31st December 2021, the Intermonte Partners SIM S.p.A. **Share Capital** amounted to Euro 3,290,500 for 36,195,500 shares, without any indication of nominal value. **Treasury shares** amounted to ~Eu7.9mn (4,051,003 shares) an increase from 31st December 2020 following the buyback of 3,347,652 shares carried out in April 2021. At the end of 2021 Intermonte did not have any **share premium reserves,** while **Other reserves** came to Eu51.2mn, down Eu9.1mn YoY due mainly to the impact of: a dividend payout of below 100%, the incentive plan realised partly through payments based on financial instruments, and the extraordinary distribution of Eu14.6mn in reserves in October 2021.

**Minority equity interests**, at 31st December 2021, came to Eu10.1mn down slightly from the previous year, by Eu0.8mn.

**Consolidated shareholders' equity** came to Eu63.9mn at 31st December 2021, (Eu53.8mn net of minorities).

## Main initiatives

### *Main business initiatives*

2021 was a particularly important year for the Intermonte Group, featuring the listing of the Parent Company on the Euronext Growth Milan market, which led to structural, organisational and functional changes in the group. There were also numerous new business initiatives.

In 2Q21 the Intermonte Group signed a partnership with QCapital, aimed at structuring club deals to invest in minority stakes in Italian Mid/Small Caps.

The agreement between Intermonte and QCapital combines the specific expertise of the two partners in an attractive market segment that is largely uncovered by other institutional operators. The Intermonte Group, thanks to its role as the leading independent Italian investment bank in the Mid/Small Caps segment, will predominantly be responsible for seeking out investments opportunities and identifying potential investors, while QCapital, thanks to the important background of its founders in private equity and the organisation of club deals will contribute to the industrial and economic valuation of the various investment opportunities and the corporate and financial structure of the individual deals.

During the first half of 2021 the company executed a buyback that led to it holding 11.2% of the share capital of Intermonte Partners. This transaction was carried out with a view to the stock exchange listing to equip the company with a package of treasury shares to be used both for the payment of future bonuses in shares, and to use in the event of M&A, without diluting shareholders.

On 30th June 2021 new European regulations for financial intermediaries came into force, bringing significant benefits for Intermonte:

- Changes to the calculation of Risk Weighted Assets (RWA) for investment companies: Regulation (EU) 2019/876 of the European Parliament (amending Regulation (EU) No 575/2013) and Regulation (EU) 2019/2033 of the European Parliament and the Council
- Changes to the ratio of fixed and variable compensation (no limit): Directive (EU) 2019/2034 of the European Parliament and the Council
- New requirements for the method of bonus payments: Directive (EU) 2019/2034 of the European Parliament and the Council

These new regulations benefited the Intermonte Group, ensuring lower capital requirements and greater flexibility on variable remuneration to attract new talent.

On 21st September 2021, the Intermonte SIM Board of Directors decided to issue a bond named “Intermonte SIM Euro 5.000.000 Additional Tier 1 subordinate bond at fixed/ variable

rate", which was issued on 7th October 2021. The overall nominal value was Euro 5,000,000, comprising 50 additional tier 1 subordinate bonds for a nominal value of Euro 100,000 each. The bonds are perpetual, and therefore only redeemable following authorisation from the Bank of Italy. For the first five years after the date of issue, the bonds generate interest at a fixed annual rate of 6.5%, in subsequent years they will generate interest at a rate equal to the interest rate swap (IRS), increased by a margin set at 6.76% per year.

On 1st October 2021, the Issuer's ordinary shareholders' meeting decided on the extraordinary distribution of reserves corresponding to Euro 5 per share pre-split, drawing on extraordinary income-related reserves for a total of Euro 14,611,135. This distribution was executed on 7th October 2021.

The listing on the Euronext Growth Milan market was successfully completed on 21st October 2021, bringing Intermonte Partners onto the stock market with a capitalisation of over Eu90mn (or a price of Eu2.80 per share).

Post-IPO the Intermonte Partners shareholding was 49.9% company employees and managers, 11.2% treasury shares and 38.9% market float.

There are two joint shareholders agreements between managers and employees:

- The aim of the first agreement between shareholders, which includes all employees and managers that sold a combined total of 16.4mn shares in the IPO (45.3% of the capital – 51.1% of the shares with voting rights) and is in place for 36 months following the listing, is to coordinate and monitor trading in group shares.
- The second agreement between shareholders, which includes the founders and top managers (Alessandro Valeri, Gian Luca Bolengo, Dario Grillo, Andrea Lago, Guglielmo Manetti, Guido Pardini, Fabio Pigorini) for a total of 7.7mn shares (21.3% of the capital - 24% of shares with voting rights) and is also in place for 36 months after the listing, stipulates both a lock-up on the disposal of Intermonte Partners shares and coordination on governance decisions.

### *Management of the Covid-19 emergency*

From the very outset of the public health emergency caused by the Covid-19 pandemic, the Intermonte Partners Group implemented a series of specific measures to tackle the emergency, making strategic commitments in various areas, and structuring a series of actions to contain and mitigate the risk of contagion while at the same time ensuring continuity in the normal day-to-day running of the business.

Specifically, the Group moved to activate and extend smart working protocols to all employees, providing the equipment required for remote working and guaranteeing operational continuity of all business activity.

Moreover, considering the increased recourse to IT equipment, the Group considered it appropriate to enhance IT security in order to defend the corporate network from potential external attacks, making significant investments in cybersecurity.

Since the start of the pandemic, employees have been given information on the processes and behaviours to follow, and clear guidelines have been provided on the cleaning and sanitising of work areas. Furthermore, rapid swab tests and blood tests were made available to employees, and personal protective equipment was distributed.

To minimise the risk of illness for employees, Intermonte adopted a mixed system based on alternate work shifts in the office and remotely, equipping all personnel with the necessary tools to work from home, and adopting all indications dictated by the authorities for workers operating on site.

Furthermore, in order to guarantee the safety of employees working in the office, Intermonte implemented mandatory weekly swab testing at its office, carried out by medical personnel at the company's expense.

## Relevant events occurring after the reporting date

The first two months of 2022 showed good revenue growth, mainly driven by a positive performance from the Sales & Trading and Digital Division & Advisory business units, as well as a very positive contribution from the Investment Banking business unit.

In the first two months of the year the Investment Banking division worked successfully alongside Howden Group Holdings in the purchase of 86.965% of Assiteca for Eu208.7mn and successfully brought Civitanavi Systems to IPO as Joint Global Coordinator, Joint Bookrunner, and Sponsor, raising over Eu34mn.

On 8th March 2022 the sixth Intermonte-Politecnico research dossier was presented, entitled **"Sliding doors: il flusso di listing e delisting sul mercato azionario di Borsa Italiana (2002-2021)" (""Sliding doors: listings and de-listings on the Borsa Italiana equity market (2002-2021)".** The dossier focuses on the *"sliding doors" [sic]* phenomenon, in particular the intensification of de-listings from the Italian market in recent years. The analysis shows a market that is being enriched by small and micro caps but is unfortunately losing mid-caps, gradually exacerbating the marginalisation of Borsa Italiana on a European and international scale.

## Outlook

During 2022 Intermonte will pursue its strategy of diversifying and growing the products and services offered in all business areas, with a particular focus on Investment Banking and Digital Division & Advisory activity. The company will continue to seek opportunities for growth, both organically and through M&A, strengthened by the recent IPO, the portfolio of treasury shares and its solid capital position.

For 2022 Intermonte expects the macroeconomic environment in Italy to be heavily affected by recent events in Ukraine, with any further escalation of the war likely to have a significant negative impact on the Italian and global economy.

We therefore note that future economic, financial and operational results may also be influenced by macroeconomic conditions and their evolving impact on market trends.

# Other Information

## *Research and development*

Pursuant to art. 2428 parag. 3, point 1) of the Civil Code, Intermonte Partners, through the Equity Research team, conducts ongoing professional research on: i) publicly listed companies, with a particular focus on those listed on the Italian Stock Exchange; ii) ESG themes; and iii) macro-economic trends. Numerous papers, research documents, reports etc. are produced on these topics, some of which on a regular basis (such as the monthly Mid Small Caps report).

The following table summarises the output of Intermonte Equity Research in 2021.

| | 2021 |
|---|---|
| Stock-Specific Research Notes | 696 |
| IPOs & Business Combinations | 3 |
| Sector reports | 8 |
| IES Monthly | 12 |
| Mid / Small Caps Monthly | 12 |
| 1H Equity focus & Strategy | 10 |
| Sustainability Report | 2 |
| **Total production 2021** | **743** |

## *Dealings with Related Parties*

Pursuant to art. 2428, para. 3, point 2 of the Civil Code, we hereby declare that recurring dealings between related parties that occurred during 2021 are attributable to investment relationships, contracts for the performance of infragroup services, and the secondment of personnel, with Intermonte SIM S.p.A..

- Intermonte

In addition:

- key management personnel, i.e., those persons, including directors and members of the board of statutory auditors, having the authority and responsibility to directly or indirectly manage and control the activities of the Parent company;
- close family members of the persons referred to above, i.e., those persons who can be expected to influence or be influenced in their dealings with the Company (this category can include the partner, children, children of the partner, dependents of the person in question and of their partner) as well as subsidiaries, jointly-controlled subsidiaries, and associate companies of one of such persons;

For further information please consult the relevant section of the explanatory note

### *Report on corporate governance and ownership structure*

The report on corporate governance and the ownership structure is available in the "Corporate Governance – Intermonte Partners" section of the Intermonte Partners website (www.intermonte.it) pursuant to art. 123-bis, para. 3 of Legislative-Decree no. 58 of 24 February 1998.

### *Branch offices*

Intermonte Partners SIM does not possess branch offices.

### *Changes in treasury shares*

As at 31 December 2021, the share capital of Intermonte Partners SIM S.p.A. following the IPO and the stock split conducted in October 2021 (11 new shares per each existing share) is composed of 36,195,500 ordinary shares issued with no par value. As at end-2021, treasury shares held numbered 4,051,003 (c.11.2% of the share capital), an increase on the number held as at 31 December 2020 as a consequence of the buyback carried out on 3,347,652 shares in April 2021.

Concomitant to approval of the financial statement, Intermonte Partners SIM passed a resolution to conduct a buyback on a further 340,000 shares by 31st October 2022.

Intermonte SIM S.p.A. holds no shares in the Parent Company.

# Consolidated financial statements

## *Statement of financial position*

| | Assets | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| 10 | Cash and cash equivalents | 12,837,322 | 25,806,605 |
| 20 | Financial assets measured at fair value through profit or loss | 140,550,927 | 146,671,527 |
| | a) financial assets held for trading | *140,550,927* | *146,671,527* |
| | b) financial assets designated at fair value | - | - |
| | c) other financial assets mandatorily measured at fair value | - | - |
| 30 | Financial assets measured at fair value through other comprehensive income | - | - |
| 40 | Financial assets measured at amortised cost: | 116,672,633 | 80,018,925 |
| | a) loans and receivables with banks | *36,297,282* | *37,216,471* |
| | b) loans and receivables with other financial institutions | *72,578,994* | *39,232,938* |
| | c) loans and receivables with customers | *7,796,357* | *3,569,516* |
| 80 | Property and equipment | 4,532,971 | 5,059,587 |
| 90 | Intangible assets | 60,865 | 73,544 |
| | of which : | | |
| | *- goodwill* | - | - |
| 100 | Tax assets | 5,727,064 | 3,795,469 |
| | *a) current* | *4,432,357* | *3,201,191* |
| | *b) deferred* | *1,294,707* | *594,278* |
| 120 | Other assets | 51,908,915 | 16,308,155 |
| | **TOTAL ASSETS** | **332,290,697** | **277,733,812** |

| | Liabilities and equity | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| 10 | Financial liabilities measured at amortised cost | 148,169,853 | 85,376,572 |
| | a) liabilities | *148,169,853* | *85,376,572* |
| | b) securities issued | - | - |
| 20 | Financial liabilities held for trading | 97,747,735 | 93,561,540 |
| 60 | Tax liabilities | 4,181,824 | 3,210,607 |
| | *a) current* | *4,095,149* | *3,113,534* |
| | *b) deferred* | *86,675* | *97,073* |
| 80 | Other liabilities | 15,006,917 | 13,942,937 |
| 90 | Post-employment benefits | 92,377 | 55,025 |
| 100 | Provisions for risks and charges | 3,241,798 | 701,234 |
| | *c) other provisions for risks and charges* | *3,241,798* | *701,234* |
| 110 | Capital | 3,290,500 | 3,290,500 |
| 120 | Treasury shares (-) | (7,909,950) | (1,392,192) |
| 150 | Reserves | 51,188,417 | 60,312,333 |
| 170 | Profit (Loss) for the year | 7,196,024 | 7,752,586 |
| 180 | Equity attributable to minority interests | 10,085,202 | 10,922,670 |
| | **TOTAL LIABILITIES AND EQUITY** | **332,290,697** | **277,733,812** |

## *Income statement*

| | Items | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| 10 | Net trading income | 10,166,772 | 13,798,473 |
| 50 | Fee and commission income | 32,301,595 | 28,139,698 |
| 60 | Fee and commission expenses | (2,683,718) | (2,377,355) |
| 70 | Interest and similar income | 610,011 | 572,044 |
| 80 | Interest and similar expense | (2,487,321) | (1,518,112) |
| 90 | Dividends and similar income | 5,994,382 | 2,970,899 |
| 110 | **TOTAL INCOME** | **43,901,721** | **41,585,647** |
| 120 | Net value adjustments for credit risk relating to: | 24,591 | (337,482) |
| | *b) financial assets measured at amortised cost* | *24,591* | (337,482) |
| 130 | **NET INCOME FROM FINANCIAL TRANSACTIONS** | **43,926,312** | **41,248,165** |
| 140 | Administrative expenses | (30,970,351) | (28,070,904) |
| | *a) personnel expenses* | *(21,831,693)* | *(19,728,246)* |
| | *b) other administrative expenses* | *(9,138,658)* | *(8,342,658)* |
| 150 | Net accruals to provisions for risks and charges | - | (100,000) |
| 160 | Depreciation and net impaiment losses on property and equipment | (975,688) | (921,591) |
| 170 | Amortisation and net impaiment losses on intangible assets | (70,373) | (85,781) |
| 180 | Other operating income and expenses | (90,643) | 72,615 |
| 190 | **OPERATING COSTS** | **(32,107,055)** | **(29,105,661)** |
| 200 | Profit (Loss) from equity investments | - | 81,413 |
| 240 | **PRE-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS** | **11,819,257** | **12,223,917** |
| 250 | INCOME TAX | (3,085,869) | (3,170,015) |
| 260 | **POST-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS** | **8,733,388** | **9,053,902** |
| 280 | **PROFIT (LOSS) FOR THE YEAR** | **8,733,388** | **9,053,902** |
| 290 | Profit (Loss) for the year attributable to minority interests | 1,537,364 | 1,301,316 |
| 300 | **PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY** | **7,196,024** | **7,752,586** |

## *Statement of comprehensive income*

| | Items | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| 10. | **Profit (Loss) for the year** | **8,733,388** | **9,053,902** |
| | **Items, net of taxes, that will not be reclassified to profit or loss** | | |
| 20. | Equity securities designated at f.v. through other comprehensive income | - | - |
| 30. | Financial liabilities designated at f.v. through profit or loss. (changes in credit rating) | - | - |
| 40. | Hedging of equity securities designated at f.v. through other comprehensive income | - | - |
| 50. | Property and equipment | - | - |
| 60. | Intangible assets | - | - |
| 70. | Defined benefit plans | - | - |
| 80. | Non-current assets held for sale and disposal groups | - | - |
| 90. | Share of fair value reserve for equity-accounted investees | - | - |
| | **Items, net of taxes, that are or may be reclassified to profit or loss** | | |
| 100. | Hedge of investments in foreign operations | - | - |
| 110. | Translation differences | - | - |
| 120. | Cash flow hedges | - | - |
| 130. | Hedging instruments (non-designated items): | - | - |
| 140. | Financial assets (other than equity securities) measured at fair value through other comprehensive income | - | - |
| 150. | Non-current assets held for sale | - | - |
| 160. | Share of fair value reserve for equity-accounted investees | - | - |
| 170. | **Other comprehensive income net of taxes** | - | - |
| 180. | **Total comprehensive income (items 10+170)** | **8,733,388** | **9,053,902** |
| 190. | **Total consolidated comprehensive income attributable to minority interests** | **1,537,364** | **1,301,316** |
| 200. | **Total consolidated comprehensive income attributable to the parent company** | **7,196,024** | **7,752,586** |

## *Statement of changes in equity 31 12 2021*

| | Balance as at 31/12/2020 | Adjustment to opening balance | Balance as at 01/01/2021 | Allocation of prior year profit | | Changes in the year | | | | | | | Group equity as at 31/12/2021 | Equity attributable to minority interests as at 31/12/2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Equity transactions | | | | | | | |
| | | | | Reserves | Dividends and other allocations | Changes in reserves | New shares issued | Repurchase of treasury shares | Extraordinary dividend distribution | Extraordinary change in capital | Other changes | Consolidated comprehensive income for 2021 | | |
| Share capital | 3,291 | - | 3,291 | - | - | - | - | - | - | - | - | - | 3,291 | 6,500 |
| Share premium | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,415 |
| Reserves | | | | | | | | | | | | | | |
| a) income-related | 47,446 | - | 47,446 | - | - | (9,124) | - | - | - | - | - | - | 38,322 | 1,300 |
| b) other | 12,866 | - | 12,866 | - | - | - | - | - | - | - | - | - | 12,866 | |
| Valuation reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | 707 |
| Treasury shares | (1,392) | - | (1,392) | - | - | - | - | (6,518) | - | - | - | - | (7,910) | (1,374) |
| Profit (Loss) for the year | 7,752 | - | 7,752 | - | (7,752) | - | - | - | - | - | - | 7,196 | 7,196 | 1,537 |
| Group equity | 69,963 | - | 69,963 | - | (7,752) | (9,124) | - | (6,518) | - | - | - | 7,196 | **53,765** | **-** |
| Equity attributable to minority interests | 10,923 | - | 10,923 | - | (1,301) | (1,781) | - | - | - | 707 | - | 1,537 | - | 10,085 |

## *Statement of changes in equity 31 12 2020*

| | Balance as at 31/12/2019 | Adjustment to opening balance | Balance as at 01/01/2020 | Allocation of prior year profit | | Changes in the year | | | | | | | Group equity as at 31/12/2020 | Equity attributable to minority interests as at 31/12/2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Equity transactions | | | | | | | |
| | | | | Reserves | Dividends and other allocations | Changes in reserves | New shares issued | Repurchase of treasury shares | Extraordinary dividend distribution | Extraordinary change in capital | Other changes | Consolidated comprehensive income for 2020 | | |
| Share capital | 3,291 | - | 3,291 | - | - | - | - | - | - | - | - | - | 3,291 | 6,500 |
| Share premium | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,396 |
| Reserves | | | | | | | | | | | | | | |
| a) income-related | 47,697 | - | 47,697 | - | - | (251) | - | - | - | - | - | - | 47,446 | 2,100 |
| b) other | 12,866 | - | 12,866 | - | - | - | - | - | - | - | - | - | 12,866 | - |
| Valuation reserves | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Treasury shares | (1,392) | - | (1,392) | - | - | - | - | - | - | - | - | - | (1,392) | (1,375) |
| Profit (Loss) for the year | 5,343 | - | 5,343 | - | (5,343) | - | - | - | - | - | - | 9,053 | 7,752 | 1,301 |
| Group equity | 67,805 | - | 67,805 | - | (5,343) | (251) | - | - | - | - | - | 7,752 | **69,963** | - |
| Equity attributable to minority interests | 10,341 | - | 10,341 | - | (855) | 135 | - | - | - | - | - | 1,301 | - | 10,922 |

## *Statement of cash flows*

| A. OPERATING ACTIVITIES | 31/12/2021 | 31/12/2020 |
|---|---|---|
| **1. Operations** | **55,550,700** | **23,230,117** |
| interest income (+) | 558,362 | 131,623 |
| interest expense (-) | (2,487,136) | (1,517,839) |
| dividends and other income | 5,994,382 | 2,970,899 |
| net fee and commission income (+/-) | 30,128,477 | 26,025,594 |
| personnel expense (-) | (12,921,168) | (12,339,871) |
| other expense (-) | (9,739,270) | (3,900,826) |
| other revenue (+) | 46,254,639 | 14,289,983 |
| Taxes and similar charges (-) | (2,237,586) | (2,429,446) |
| **2. Cash flows generated by/used for financial assets** | **(104,452,423)** | **(11,546,504)** |
| financial assets held for trading | (29,477,247) | (15,413,684) |
| financial assets measured at amortised cost | (36,944,568) | (23,180,539) |
| other assets | (38,030,608) | 27,047,719 |
| **3. Cash flows generated by / used for financial liabilities** | **62,305,370** | **(22,876,153)** |
| financial liabilities measured at amortised cost | 63,082,398 | (36,580,551) |
| financial liabilities held for trading | 4,186,196 | 18,839,975 |
| financial liabilities designated at fair value | - | - |
| other liabilities | (4,963,224) | (5,135,577) |
| **Net cash flows from operating activities** | **13,403,647** | **(11,192,540)** |

| B. INVESTING ACTIVITIES | | |
|---|---|---|
| **1. Cash flows generated by/used for** | **-** | **790,362** |
| disposal of tangible fixed assets | | 750,050 |
| disposal of intangible fixed assets | | 40,312 |
| **2. Cash flows used to acquire:** | **(506,766)** | **(1,007,372)** |
| property and equipment | (57,694) | (921,591) |
| intangible assets | (449,072) | (85,781) |
| **Net cash flows generated by (used in) investing activities** | **(506,766)** | **(217,010)** |

| C. FINANCING ACTIVITIES | | |
|---|---|---|
| issue / repurchase of treasury shares | (1,517,758) | - |
| dividends and other distributions | (24,348,406) | (6,313,813) |
| **Net cash generated by (used in) financing activities** | **(25,866,164)** | **(6,313,813)** |

| | | |
|---|---|---|
| **NET CASH FLOWS FOR THE YEAR** | **(12,969,283)** | **(17,723,363)** |

| Reconciliation | 2021 | 2020 |
|---|---|---|
| Opening cash and cash equivalents* | 25,806,605 | 43,529,968 |
| Net cash flows for the year | (12,969,283) | (17,723,363) |
| **Closing cash and cash equivalents** | **12,837,322** | **25,806,605** |

* available liquidity

# Explanatory note

# Part A

## Accounting policies

# A.1 – General

## Section 1 – Statement of compliance with the international financial reporting standards

These financial statements have been drawn up in accordance with the international accounting principles issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission, as established in EU Regulation no. 1606 dated 19th July 2002. The Company has adopted the international financial reporting standards in accordance with article 4 paragraph 4 of Legislative Decree no. 38 dated 28th February 2005.

The application of the international financial reporting standards has been carried out with reference to the IASB's Framework for the Preparation and Presentation of Financial Statements (the Framework).

In the absence of a principle or an interpretation that is specifically applicable to a transaction, another event or a circumstance, the Directors may use their judgement to develop and apply an accounting principle, with the aim of providing information that is:

- relevant to the economic decisions to be made by users;
- reliable, in order that the financial statements:
  - accurately reflect the company's financial position, results of operations and cash flows;
  - reflect the economic substance of the transactions, other events and circumstances, and not merely their legal status;
  - are neutral, i.e. free of prejudice;
  - are prudent;
  - are complete, with reference to all relevant aspects.

In exercising their judgement, the Directors may refer to and consider the applicability of the following sources, reported in descending hierarchical order:

- the provisions and guides for application contained in the standards and interpretations that relate to similar or related examples;
- the definitions, reporting criteria and measurement concepts for the recognition of assets, liabilities, revenue and expense contained in the Framework.

In expressing their judgement, the Directors may also consider the most recent provisions issued by other organisations authorised to enact accounting principles that use a systematic Framework based on similar concepts to develop accounting standards, other accounting literature and accepted practice in the sector.

In the company's consolidated financial statements, for the purpose of presentation and measurement, the International Financial Reporting Standards (IFRS) followed were those issued by the International Accounting Standards Board (IASB), and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Union, and the measures relating to the Bank of Italy's "Financial Statements for Financial Intermediaries Other Than Banking Intermediaries" contained in the resolution issued on 29th October 2021. The specific accounting standards have been applied on an ongoing basis, and we declare that no exceptions have been made to the application of IFRS.

The endorsed IFRS principles in force as at 1st January 2021, which are listed below, were used in drawing up these financial statements.

### *Accounting principles, amendments and interpretations to be applied in reporting periods commencing after 1st January 2021*

In 2020 and 2021 the following regulations were endorsed (effective from 1st January 2021):

- Commission Regulation no. 2020/2097: the regulation, issued on 15th December 2020 and effective as of 1st January 2021, transposes some amendments to IFRS 4 Insurance Contracts, including the Extension of the Temporary Exemption from Applying IFRS 9. If an entity no longer qualifies for the temporary exemption from IFRS 9 as a result of a reassessment, then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until the end of the annual period that began immediately after that reassessment. In any case, the entity must apply IFRS 9 for annual periods beginning on or after 1 January 2023. For example, if an entity determines that it no longer qualifies for the temporary exemption from IFRS 9 applying paragraph 20G(a) on 31 December 2018 (the end of its annual period), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until 31 December 2019.
- Commission regulation no. 2021/25: this regulation, issued on 13th January 2021 and effective from 1st January 2021, amends Regulation (EC) no. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 39 and International Financial Reporting Standards (IFRS) 4, 7, 9 and 16.

These amendments have no particular impact on the Company.

*Documents not yet endorsed by the EU as at 31st December 2021*

Finally, the table below shows some documents that will only be applicable once they have been endorsed by the EU.

| Title of document | Publication date of IASB document | Publication date of IASB document | Publication date of IASB document | Publication date of IASB document |
|---|---|---|---|---|
| **Standards** | | | | |
| IFRS 17 Insurance Contracts and Amendments | May 2017 and June 2020 | May 2017 and June 2020 | May 2017 and June 2020 | May 2017 and June 2020 |
| Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements to IFRS Standards, 2018-2020 Cycle | 1st January 2023 | 1st January 2023 | 1st January 2023 | 1st January 2023 |

## Section 2 – Basis of preparation

The financial statements and explanatory notes are prepared in euros.

The financial statements have been drawn up clearly and give a true and fair view of the financial position results of operations and cash flows for the year.

Specifically, the financial statements were drawn up based on the standards that underpin the accounting principles:

- Relevance: the omission or misreporting of significant items may influence users' economic decisions, whereas errors of little importance do not invalidate the reliability of the financial statements;
- Reliability: the statements present the company's capital and financial status and economic results, providing a true and fair reflection of the impact of company operations during the year. In reporting the results from operations, the financial statements adhere to the principle of favouring economic substance over form.

The financial statements match the company's accounts, which fully reflect the transactions executed throughout the year. They have been drawn up applying the fundamental theories of the relevant accounting principles, especially accounting on an accrual basis (the impact

of the events and transactions is booked at the time they take place, and not when the relevant income and payments are made).

Comparative prior year figures are presented in the financial statement schedules at 31st December 2021.

Finally, we note that the reclassifications and restatements envisaged in the Resolution issued by the Bank of Italy on 29th October 2021 were implemented along with restatements of the comparative items for the previous year.

Neither assets and liabilities, nor costs and revenue can offset one another, unless permitted or required by the IFRS or by the provisions contained in the Instructions issued by the Bank of Italy.

Financial statements captions with a nil balance in the current and previous years are omitted. If an asset or liability item falls under more than one caption in the statement of financial position, its applicability to captions other than the one it is assigned to is mentioned in the explanatory notes, where this is necessary for understanding of the financial statements. In the income statement and the related section of the explanatory notes, revenue is indicated without a sign, whereas costs are indicated in parentheses

In accordance with the provisions of article 5 of Legislative Decree no. 38 dated 28th February 2005, the financial statements are drawn up using the euro as reporting currency. In particular, the financial statements and explanatory notes are drawn up in units of euro unless otherwise indicated, with any decimal values rounded to the nearest whole euro.

The financial statements have been drawn up on a going concern basis, according to the accrual basis of accounting and to the following principles: providing relevant and material information, prevalence of substance over form and with a view to favouring comparison with future presentations. According to the company's articles of association, the company's expiry date is 2050.

All dissimilar items are presented separately.

Adjustments have been made to reflect events after the reporting date to all amounts that must be so adjusted according to IAS 10. Subsequent events that do not require adjustments and which therefore reflect circumstances that occurred after the reporting date are reported in the explanatory notes in the relevant section of the annual report, where considered relevant and therefore likely to influence the economic decisions of the user.

## Section 3 – Events after the reporting date of the condensed consolidated accounts

No relevant events occurred after the reporting date.

## Section 4 – Other factors

### *Estimates and assessments*

The compilation of consolidated financial statements requires the formulation of estimates, assessments and assumptions that influence the application of the accounting principles and the amounts of assets, liabilities, costs and revenues reported for the period. Estimates and relevant assumptions are based on past experience and other factors considered reasonable in the specific circumstance, and are adopted to determine the accounting value of assets and liabilities that cannot be easily deduced from other sources. These estimates and assumptions are reviewed on a regular basis, and in any case during compilation of the financial statements.

The compilation of the consolidated financial statements incorporates the new international accounting principles and amendments to existing accounting principles, as indicated in *Section 1 – Statement of compliance with the international financial reporting standards*

With reference in particular to paragraph 125 of IAS 1, please refer to the section entitled "Information on risks and related hedging policies".

**Risks, uncertainty and impact of COVID-19**

Following the spread of the Covid-19 pandemic, Intermonte Partners SIM implemented a wide range of measures extremely swiftly to protect the health of its personnel and clients while ensuring business continuity and minimising risks. The measures implemented to safeguard health, along with the business continuity initiatives, involved: (i) risk prevention in the workplace, with the adoption of the necessary personal and collective protection measures required to respond appropriately to constantly evolving health ordinances at national, local and sector level as the pandemic developed; ii) the large-scale introduction of flexible working, with associated investments in IT equipment, development of operating processes and reinforcement of the company's IT network in order to allow simultaneous access to all employees; (iii) interventions to favour digital interaction in order to enable continued intense communication between traders and institutional clients through digital interactions.

In 2021, the company continued the profitable trends recorded in previous financial years. It is believed that the above-mentioned measures implemented as a result of the Covid-19 emergency, operational developments in subsequent months, and the company's solid economic, capital and financial positions ensure that the company is not exposed to any particular risk or uncertainty, providing confirmation of its ability to continue to operate as a functioning entity.

In the 2021 financial year Intermonte Partners SIM has not made any changes to accounting estimates linked to Covid-19.

## Section 5 – Consolidation scope and methodology

### 1. Shareholdings in wholly controlled subsidiaries

The consolidated financial statements include the statement of financial position and income statement of Intermonte Partners SIM S.p.A. and the companies it controls directly or indirectly.

| Company name | Business premises | Registered office | Relationship Type | Shareholding relationship | | Voting rights % |
|---|---|---|---|---|---|---|
| | | | | Shareholding company | Stake % | |
| **A. Companies consolidated on a line-by-line basis** | | | | | | |
| 1. Intermonte SIM | Milano | Milano | 1 | Intermonte Partners | 85.85% | 85.85% |

1) Majority of voting rights at the shareholder meeting

The term subsidiaries refers to all the companies in which the Parent Company has the power to determine, directly or indirectly, the financial and operational policies for the purpose of obtaining benefits arising from the activities of such companies.

In assessing control, consideration is also given to companies in which the Parent Company, directly or indirectly, holds more than half the voting rights. The assessment of voting rights also takes account of "potential" rights that are currently exercisable or convertible into effective voting rights at any time.

In order to verify the existence of control, the following factors are therefore considered:

- the power over the entity in which the investment is held;
- the exposure or the rights to variable returns arising from the relationship with the entity in which the investment is held;
- the capacity to exercise power over the entity in which the investment is held in order to influence the amount of its returns.

### Consolidation Method

- Line-by-line consolidation: subsidiaries are fully consolidated on a line-by-line basis. This involves taking on all of the balance sheet and income statement figures of the subsidiaries. To that end the following adjustments have been made:
  - the carry value of shareholdings held by the Parent Company and the corresponding part of the net equity are eliminated;
  - the portion of equity and of the net profit or loss for the year attributable to minority equity interests are shown in a separate item.

Intragroup balances and transactions, including revenues, costs, and dividends, are eliminated in full. The results of subsidiaries acquired during the year are included in the consolidated financial statements from the date of acquisition.

The financial statements used in preparing the consolidated financial statements are drawn up as at the same date. The consolidated financial statements have been prepared using uniform accounting principles for like transactions. If a subsidiary uses different financial principles to those adopted for the consolidated financial statements, the necessary changes have been made to the financial statements for consolidation purposes.

# A.2 – Main items of the financial statements

## Accounting principles

Described below are the accounting policies adopted with reference to the main assets and liabilities captions for the preparation of the financial statements at 31st December 2021.

### 1. Financial assets measured at fair value through profit or loss

#### *a) Recognition criteria*

Initial recognition of financial assets measured at fair value through profit or loss, as part of a held for trading business model, occurs on the settlement date for debt and equity securities and on the date of subscription for derivative contracts. Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at their fair value, which normally corresponds to the amount paid for the instrument without considering costs or income from transactions directly attributable to the instrument itself, which are recorded directly in the income statement.

#### *b) Classification criteria*

Financial assets other than those classified as financial assets measured at fair value through other comprehensive income or as financial assets measured at amortised cost are classified in this category. Specifically, this includes: - financial assets held for trading, mainly represented by debt and equity securities and the positive value of derivative contracts held for trading; - financial assets mandatorily measured at fair value, comprising those financial assets that do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income. These are financial assets for which the contractual terms do not pass the SPPI test, i.e. they do not feature solely payment of principal and interest, or which are not held as part of a hold to collect business model, the aim of which is to hold assets in order to collect the related contractual cash flows, or a hold to collect and sell business model, the aim of which is achieved both through the collection of contractual cash flows and through the sale of financial assets; - financial assets measured at fair value, i.e. financial assets that meet the criteria to be defined as such at initial recognition. In this instance, an entity may, at initial recognition, irrevocably designate a financial asset to be measured at fair value through profit or loss only if doing so significantly reduces an accounting mismatch.

#### *c) Measurement criteria*

This item also includes derivative contracts, recognised as financial assets held for trading, that are recognised as assets if the fair value is positive and as liabilities if the fair value is

negative. It is possible to offset current positive and negative values deriving from ongoing transactions with the same counterparty only in the event that there is currently the legal right to offset the amounts recognised in accounts and there is an intention to settle the positions being offset on a net basis.

In order to determine the fair value of financial instruments listed on an active market, market prices are used. These prices are established in the following manner:

- for financial instruments listed on liquid regulated markets: the reference price;
- for financial instruments that are not listed, or that are listed on markets that are not liquid: the best cash price reported on the Reuters circuit, the fairness of which is verified through a comparison with corresponding prices on the Bloomberg circuit. If the verification highlights a discrepancy of over 2%, a further verification will be made through requests for a quote from three market makers that operate on the instrument in question and are considered reliable.

In the absence of an active market, estimates and generally-accepted valuation models are used. These are based on data available on the market, such as: methods based on the valuation of listed instruments that have similar characteristics, discounted cash flow analysis, option pricing models and values recorded in recent comparable transactions.

Equity securities and related derivative instruments for which it is not possible to determine a reliable fair value based on the above guidelines are recognised at cost, adjusted for impairment losses. Such impairment losses are never reversed.

For more information on the criteria used for determining fair values, which have not been amended following the introduction of IFRS 9, please refer to Section A.4 “Disclosure on Fair Value” in Part A of the explanatory notes to the financial statements.

### *d) Derecognition criteria*

Financial assets are derecognised when contractual rights to the cash flows generated by the assets expire, or when the financial assets are sold, with the substantial transfer of all the related risks and rewards. If a significant portion of the risks and rewards related to the financial asset that has been sold is retained, the risks and rewards will continue to be recognised in accounts, even though legally the ownership of the assets themselves has been transferred.

### *e) Recognition criteria for income components*

Fair value gains and losses on financial assets are recognised under the item Net trading income in the income statement.

## 2. Financial assets valued at fair value through other comprehensive income

### *a) Recognition criteria*

Initial recognition of financial assets occurs on the settlement date for debt and equity securities, and at the date of issue for financing. Upon initial recognition the assets are measured at fair value, including costs or income from transactions directly attributable to the instrument itself.

### *b) Classification criteria*

This category includes financial assets that satisfy both of the following conditions: - the financial asset is held through a hold to collect and sell business model, the aim of which is achieved both through the collection of contractual cash flows and through the sale of financial assets; and - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (passing the SPPI test). The item also includes equity instruments not held for trading for which the option of designation at fair value through other comprehensive income was exercised upon initial recognition. Specifically, this item includes: - debt securities attributable to a hold to collect and sell business model that pass the SPPI test; - equity investments, not identifiable as controlling, in associate entities or entities in which the company has joint control, that are not held for trading, for which the option of designation at fair value through other comprehensive income was exercised; - financing attributable to a hold to collect and sell business model that passes the SPPI test, including quotas in syndicated loans subscribed that are designated for sale upon origination and that are attributable to a hold to collect and sell business model.

There was no activity in this caption during the reporting period.

### *c) Measurement criteria*

After initial recognition, assets classified at fair value through other comprehensive income, other than equity securities, are measured at fair value, with the impact deriving from the application of the amortised cost, impairments and any currency effect recognised in the income statement, while other profit or loss deriving from changes in fair value are recognised in a specific equity reserve until the financial asset is derecognised. At the time of the total or partial disposal of the asset, the cumulative profit or loss in the valuation reserve is reversed, in whole or in part, in the income statement.

### *d) Derecognition criteria*

Financial assets are derecognised when contractual rights to the cash flows generated by the assets expire, or when the financial assets are sold, with the substantial transfer of all the

related risks and rewards. If a significant portion of the risks and rewards related to the financial asset that has been sold is retained, the risks and rewards will continue to be recognised in accounts, even though legally the ownership of the assets themselves has been transferred.

## 3. Financial assets valued at amortised cost

### *a) Recognition criteria*

Loans and receivables are recognised on the payment date, when the creditor acquires the right to the payment of the amounts agreed upon in the contract, while a debt security is recognised on the settlement date.

The initial amount is calculated based on the fair value of the financial instrument, which is usually equal to the amount paid, or the subscription price, including expenses/ income directly attributable to the instrument and which can be determined since the beginning of the transaction, even if settled at a later date.

Costs that meet the above criteria, but which are to be redeemed by the debtor or can be recognised under normal internal administrative costs, are excluded.

Swap contracts, securities lending and repurchase agreements with mandatory buyback or re-sale at expiry are recognised as deposits or loans.

Specifically, spot sale transactions and forward repurchase agreements are recognised in the financial statements as liabilities for the amount collected on the spot date, while spot purchase and forward re-sale transactions are recognised as assets for the amount paid on the spot date.

### *b) Classification criteria*

This category includes financial assets (especially financing or debt securities) that meet both of the following conditions: - the financial asset is held through a hold to collect business model, the aim of which is achieved through the collection of contractual cash flows; and - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (passing the SPPI test).

Loans and receivables include loans to customers and financial backers, have payments that are fixed or can be determined, are not listed in an active market, and at the outset were not classified as financial assets measured at fair value through other comprehensive income or as financial assets measured at fair value through profit or loss.

Trade receivables, sale and repurchase agreements and securities lending are also included under loans and receivables.

### *c) Measurement and recognition criteria for income components*

After initial recognition, loans and receivables are measured at amortised cost, equal to the initial recognition amount minus/ plus capital redemptions, impairment losses/reversals of impairment and amortisation – using the effective interest method – of the differences between the amount paid and the amount that will be redeemed upon maturity; these adjustments can be typically ascribed to expenses/income directly attributed to the individual loan. The effective interest rate is the rate that equates the present value of future cost flows, as concerns the principal and interest, to the amount paid including expenses/ income ascribed to the loan. The effect of expenses and income is therefore distributed along the expected residual maturity of the loan

The amortised cost method is not used for short term loans as the effect of discounting is negligible.

At each annual or interim reporting date, an analysis of the loans is carried out so that it may be possible to identify those that, because of events that occurred after recognition, show objective evidence of a possible impairment loss.

The impairment loss is recognised in the income statement under “Net impairment losses on financial assets measured at amortised cost”. The component of the impairment loss ascribed to discounting of the cash flows is released on an accrual basis according to the effective interest method and is recognised as a reversal of impairment losses.

The original loan amount is restored in subsequent years if the reasons that determined the impairment no longer apply, provided that said reversal is objectively related to an event that occurred after the recognition of the impairment loss. The reversal of the impairment loss is recognised in the income statement, and cannot in any circumstances exceed the amortised cost that the loan would have had without the previous impairment losses.

### *d) Derecognition criteria*

Financial assets are derecognised only if the disposal involved the transfer of all risks and rewards related to the assets themselves. In contrast, if risks and rewards connected to the transferred assets have been maintained, the assets are recognised, even if legal title has been transferred. In the event that it has not been possible to ascertain the substantial transfer of the risks and rewards, the financial assets are derecognised if no control of any kind has been retained. If this is not the case, retention, even only partial, of control of the assets involves their continued recognition in proportion to the residual involvement,

measured according to the exposure to changes in the value of the transferred assets and changes in the related cash flows.

## 4. Property and equipment

### *a) Recognition criteria*

Property and equipment are initially recognised at cost, which in addition to the acquisition price, includes any potential additional expenses relative to the acquisition and activation of the asset.

Expenses for extraordinary maintenance that include an increase in future economic benefits are recognised as an increase in the amount of the asset, while other ordinary maintenance costs are recognised in the income statement. Financial expense is recognised according to IAS 23, and is therefore recognised as an expense in the year in which it is incurred.

### *b) Classification criteria*

Property and equipment include furniture, furnishings and equipment of any kind. Also included are the right of use gained through lease relating to the use of tangible assets (for the lessee) and the assets granted in operating lease (for the lessor) in accordance with IFRS 16.

They are assets held to be used in the production or supply of goods and services, to be leased to a third party or held for administrative purposes, and are assumed to be used for more than one year.

### *c) Measurement and recognition criteria for income components*

Property and equipment are valued at cost, net of depreciation and any impairment losses.

Property and equipment are systematically depreciated throughout their useful life, adopting the straight line depreciation method in accordance with the provisions contained in IAS 16. The useful life of property and equipment subject to depreciation is periodically subject to checks; in the event of a significant adjustment of the initial estimates, the relevant depreciation rate is modified accordingly.

The assets are tested for impairment at each annual and interim reporting date.

In the presence of any such indication, a comparison is made between the carrying amount and the recoverable amount, equal to the lesser of the fair value net of any costs to sell and the relevant value in use of the asset, i.e. the present value of future cash flows generated

by the asset. Any adjustments are recognised as impairment losses on property and equipment in the income statement.

If the reason that led to the recognition of the impairment loss is no longer valid, it is reversed to the extent of the amount that the asset would have had, net of depreciation, in the absence of the previous impairment loss.

### *d) Derecognition criteria*

Property and equipment is derecognised at the time of disposal, or when the asset is permanently withdrawn from use and future economic benefits are not expected to arise following their disposal.

## 5. Intangible assets

### *a) Recognition criteria*

Intangible assets are non-monetary assets, identifiable and without physical substance, held to be used over a number of years or for an indefinite period. They are recognised at cost, and only adjusted in the event of any possible additional expenses if the future economic benefits that may be attributed to the assets are likely to be realised and the cost of the assets themselves can be determined in a reliable manner. If this is not the case, the cost of the intangible asset is recognised in the income statement in the year in which it is incurred.

Goodwill is recognised among assets when it is the result of a merger according to the identification criteria established in IFRS 3, as the residual surplus between the overall cost incurred in the deal and the net fair value of the acquired assets and liabilities.

If the cost incurred is below the fair value of the assets and liabilities acquired, however, the negative difference (badwill) is directly recognised in the income statement.

### *b) Classification, measurement and recognition criteria for income components*

The cost of intangible assets is amortised on a straight line basis over the useful life of the assets. If the useful life is indefinite, then amortisation is not carried out, but there are regular checks on the accuracy of the carrying amount of the intangible assets. Intangible assets that come from software developed internally or acquired from third parties are amortised on a straight line basis, starting from the completion and activation of the technology and based on their useful life.

At the end of each year, if there is evidence of an impairment loss, the recoverable amount of the asset will be estimated. The impairment loss, which is recognised in the income statement as net impairment losses on intangible assets, is equal to the difference between the carrying amount and the recoverable amount of the assets.

Goodwill that is recognised is not amortised, but its carrying amount is regularly tested for impairment. These checks are carried out on an annual basis, or more regularly if there are any impairment indicators. For this purpose, the cash-generating units to which the individual goodwill should be attributed are identified.

The amount of any impairment loss is determined based on the difference between the carrying amount of the goodwill and its recoverable amount, if the latter is lower. The recoverable amount is the higher of the fair value of the cash-generating units, net of any costs to sell, and the value in use, represented by the present value of cash flows estimated for the years that the cash-generating unit can operate, and its disposal at the end of its

useful life. Any resulting impairment losses are recognised in the income statement. No subsequent reversal of impairment losses may be recognised.

### *c) Derecognition criteria*

Intangible assets are derecognised at the time of their disposal, or when no future economic benefits are expected.

## 6. Current and deferred taxation

### *a) Recognition criteria*

Current and deferred taxes, calculated according to the national taxation law accrual basis, are recognised in line with the methods of recognising the income and expense that generated them, applying the tax rates in force.

Income taxes are recognised in the income statement with the exception of those relating to items debited directly from or credited directly to equity.

Provisions for income taxes are determined based on a prudent forecast of current tax charges and deferred taxes.

Current taxation includes the net balance between current liabilities for the year and current tax assets, represented by pre-paid taxes and other assets for tax withholdings.

Deferred taxes are determined based on temporary differences – with no time limits – between the amount attributed to an asset or a liability according to statutory criteria and the corresponding amount assumed for tax purposes

Deferred tax assets are recognised in the financial statements to the extent in which they are likely to be recovered. This likelihood is assessed based on the company's capacity to generate continuing positive taxable income, as it has opted to take part in the national tax consolidation scheme.

Liabilities for deferred taxes are recognised in the financial statements, with the sole exception of the reserves taxed on distributions, as the size of available reserves already subject to taxation makes it reasonable to assume that no initiatives will be carried out that will lead to them being taxed.

Deferred tax assets and liabilities are offset against each other for the year, taking into account the expected period of time for their recovery, with the resulting figure being recognised in the statement of financial position.

In the years in which temporary deductible differences are higher than temporary taxable differences, the related deferred tax assets are recognised as such in the statement of financial position.

In contrast, in years when the temporary taxable differences are higher than the temporary deductible differences, the related deferred taxes are recognised under deferred tax liabilities.

### *b) Classification and measurement criteria*

Deferred tax assets and liabilities are systematically assessed to consider any potential changes in regulations or tax rates. The amount of the provision for taxes is also adjusted in order to meet the charges that could come from inspections the company has already been notified of or from ongoing disputes with tax authorities.

### *c) Recognition criteria for income components*

If deferred tax assets and liabilities relate to components recognised in the income statement, they are recognised as income taxes.

In the event that deferred tax assets and liabilities relate to transactions recognised directly under equity without appearing in the income statement (such as, for example, the measurement of financial instruments measured through other comprehensive income or cash flow hedges), the taxes are also recognised under equity, highlighting the specific reserves where this is relevant.

## 7. Other assets

This item includes assets that cannot be assigned to other items in the assets section of the statement of financial position.

## 8. Provisions for risks and charges

Provisions for risks and charges are only made when:

- there is a present obligation (legal or implicit) as a result of a previous event;
- it is probable that an outflow of resources embodying economic benefits will be required to fulfil an obligation; and
- a reliable valuation of the amount of the obligation can be made.

Where the time value of money is significant, provisions are discounted using a rate that reflects the specific risks related to the liability, where appropriate.

Provisions for risks and charges are recognised under "Accruals to provisions for risks and charges". When provisions are discounted, the increase due to the passage of time is recognised as a financial expense in profit or loss.

"Provisions for risks and charges" includes allowances relating to the long-term benefits identified in IAS 19 and the provisions for risks and charges identified in IAS 37.

No provisions are made for potential but not probable liabilities, but a description of the nature of the liability is provided in the explanatory notes to the financial statements where considered appropriate.

## 9. Post-employment benefits

As of 1st January 2007, the 2007 Finance Act and relative implementing legislation introduced changes to regulations for post-employment benefits, including giving employees the choice of how to invest their accruing benefits.

In particular, new flows can be channelled by the employee to complementary pension funds, or kept within the company (in which case the company will transfer the contributions into a treasury account set up with the Italian National Social Security Institution: INPS).

The amount of contributions accruing as from 1st January 2007, for those opting for direct payment into the INPS treasury fund, is determined based on the contributions due without applying actuarial calculation methods.

## 10. Financial liabilities measured at amortised cost

### *a) Recognition criteria*

The initial recognition of such financial liabilities is made upon receiving the collected amounts, and is based on the fair value of the liabilities, normally equal to the amount cashed in plus any expenses/ income directly attributable to each transaction. Internal administrative expenses are excluded.

### *b) Classification criteria*

This item includes amounts due to banks, financial backers and customers.

It also includes liabilities for transactions involving repurchase agreements and securities lending. Repurchase agreements include an obligation or option for forward sale. The item also includes liabilities recognised in accordance with IFRS 16.

### *c) Measurement and recognition criteria for income components*

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

An exception is made for short term liabilities, where the time factor is considered negligible, which are recognised at the amount collected.

### *d) Derecognition criteria*

Financial liabilities are derecognised when they expire or when they are settled.

## 11. Financial liabilities held for trading

### *a) Recognition criteria*

Financial liabilities held for trading are recognised at fair value on the date of subscription or at the date of issue, without considering costs or income from transactions that can be directly attributed to the instrument itself.

This category of liabilities includes trading derivative contracts with a negative fair value, as well as implicit derivatives with a negative fair value embedded in complex contracts – in which the primary contract is a financial liability – that are not strictly linked to the contract itself.

### *b) Classification criteria*

This category includes debt securities supported by the right to receive such securities through security lending contracts, and the fair value loss on derivative contracts with the exception of those designated as hedging instruments.

### *c) Measurement criteria*

After initial recognition, financial liabilities held for trading are measured at fair value, with changes in value recognised through profit and loss. To determine the fair value of financial instruments traded on an active market, market prices are used. In the absence of an active market, generally accepted estimate methods and valuation models are used. They are based on data available from the market, such as: methods based on the valuation of listed

instruments that have similar characteristics, discounted cash flow analysis, option pricing models, and comparison with values recorded in recent similar transactions.

*d) Derecognition criteria*

Financial liabilities are derecognised when they expire or are settled. Derecognition also occurs when previously-issued securities are repurchased. The difference between the carrying amount of the liability and the amount paid to purchase it is recorded in the income statement.

*e) Recognition criteria for income components*

Fair value gains and losses on financial liabilities are recognised in the income statement.

## 12. Other liabilities

This item includes liabilities that cannot be attributed to other items in the liabilities section of the statement of financial position.

## 13. Foreign currency transactions

*a) Recognition criteria*

On initial recognition, foreign currency transactions are recognised in the reporting currency, applying the exchange rate in force on the date of the transaction to the amount in foreign currency.

*b) Classification, measurement, recognition and derecognition criteria for income components*

At each annual and interim reporting date, monetary items in foreign currency are converted at the exchange rate in force on the reporting date.

## 14. Other information

*Costs and revenue*

Revenue is recognised when received or when future benefits are likely to be received, if such benefits can be quantified in a reliable manner, based on the provisions of IFRS 15.

Costs are recognised on the income statement whenever benefits decrease such that there is a decrease in assets or an increase in liabilities.

Interest income and expense from instruments measured at amortised cost are recognised in the income statement based on the effective interest rate of the instrument.

Dividends are recognised in the income statement at the time the distribution is decided.

Revenue arising from the trading or issue of financial instruments, determined by the difference between the transaction price and the fair value of the instrument, is recognised in the income statement at the time the transaction is recognised if the fair value can be determined with reference to set parameters or recent transactions on the same market in which the instrument is traded; otherwise, it is distributed over time, taking into consideration the overall duration and nature of the instrument.

Income from financial instruments for which the above measurement is not possible are recorded in the income statement over the term of the transaction.

Net trading income includes the measurement of transactions in securities that were not yet settled at the time of the reporting date.

## 15. Use of estimates

The preparation of financial statements and explanatory notes in accordance with IFRS require Directors to use estimates and assumptions that impact the carrying amount of assets and liabilities and the disclosure on contingent assets and liabilities at the reporting date.

The estimates and assumptions used are based on experience and on all factors considered relevant. Final results could therefore differ from these estimates. The estimates and assumptions are revised periodically, and the impact of any changes are reflected in the income statement relating to the year in which the change in estimate is made, if the estimate only affects that year, or also in subsequent years if the change in estimates will also have an impact on future years.

## A.3 – Disclosure on transfers between financial asset portfolios

The company has not reclassified any financial assets either in the current or previous years.

## A.4 – Disclosure on Fair Value

### Qualitative information

IFRS 13 – For Fair Value measurement, “fair value” is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This value therefore corresponds to the so-called exit price, which reflects the features of the asset or liability that is the subject of measurement as they would be perceived by a market participant (the so-called market participant view).

A fair value measurement refers to an ordinary transaction executed or executable between market participants, where market is defined as:

- the principal market, i.e. the market with the greatest volume and level of activity for the asset or liability to which the SIM has access; or
- in the absence of an active market, the most advantageous market, i.e. the one that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer a liability, after taking into account transaction and transport costs.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy' (which had already been introduced in IFRS 7). The hierarchy categorises the inputs used in valuation techniques into three levels.

This classification approach has the aim of establishing an objective hierarchy of the fair value in function of the degree of discretion applied, giving precedence to the use of parameters that can be observed on the market that reflect the assumptions that market participants would use in valuing assets and liabilities.

The fair value hierarchy is defined based on the origin, type and quality of input data used in models for measuring fair value, and not based on the valuation models themselves. The highest priority is given to level 1 inputs.

### *Fair value measured based on level 1 inputs*

The fair value is measured based on inputs that can be observed, such as quoted prices in active markets for the financial instrument that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is therefore prioritised in the measurement process.

For the purposes of IFRS 13 a market is defined as being active when the frequency and volume of transactions for an asset or liability is enough to guarantee the information needed for the measurement of fair value on a continuous basis.

Specifically, equity securities and bonds quoted on regulated markets (e.g. MOT/MTS) are considered to be quoted on an active market, as are those securities not quoted on a regulated market but for which prices that represent effective and regular market transactions are continuously available from the main trading platforms.

The fair value of securities quoted on regulated markets is generally represented by the reference price recorded on the last working day in the reporting period on the respective market; for securities that are not quoted on a regulated market, the fair value is represented by the price on the last day of trading that is considered to be representative based on internal policies.

With reference to other financial instruments with level 1 inputs, such as derivatives, exchange-traded funds, and quoted real estate funds, for example, the fair value is represented by the closing price on the day in which the measurement is made.

### *Fair value measured based on level 2 inputs*

If a price cannot be determined on an active market, the fair value is measured through valuation models that use market inputs.

The measurement uses parameters that are directly or indirectly observable, such as:

- prices quoted on active markets for similar assets or liabilities;
- bid and ask prices on OTC circuits quoted by a number of market makers (typically used for bonds);
- other observable inputs, such as interest rates or yield curves, implicit volatility, reference prices for underlying assets, and default rates.

Based on the above considerations, the measurement resulting from the technique adopted involves a reduced impact of unobservable inputs, as the main parameters used in the measurement are drawn from the market and the results of the calculation methodologies used replicate quotations on active markets.

Level 2 inputs include:

- OTC derivatives;
- Bonds;
- Amounts due to banks, other financial backers and customers, and loans and receivables.

### *Fair value measured based on level 3 inputs*

Measurement is made through using significant inputs that cannot be observed from the market, and therefore involves the adoption of internal estimates and assumptions.

Level 3 of the fair value hierarchy includes:

- Equity instruments issued by companies in default;
- Bonds issued by companies in default;
- Amounts due to banks, other financial backers and customers, and loans and receivables.

Finally, it should be noted that the fair value is classified as level 3 when it is measured using market parameters that have been significantly adjusted to reflect valuation considerations specific to the instrument that is the object of measurement

## A.4.1 Fair value levels 2 and 3: measurement techniques and inputs used

This section provides information on the measurement techniques and input used in order to measure fair value for assets and liabilities measured using level 2 and 3 inputs that are recognised at fair value in the financial statements, as well as those for which the fair value is provided purely for disclosure purposes.

### Assets and liabilities measured at fair value

#### *OTC derivatives*

The method used for calculating the fair value of OTC derivatives involves the use of closed-form models provided by Bloomberg. Specifically, the main pricing models used for OTC derivatives are: Black-Scholes Trinomial and Black-Scholes Continuous.

These pricing models are used on a continuous basis and are subject to regular checks to ensure that they remain accurate over time.

The market data used in fair value calculations of derivatives are classified, according to their availability, as follows:

- prices of quoted instruments: all products quoted on the leading international stock exchanges or the main financial market data platforms;
- market parameters available on information provision platforms: all instruments that, while not quoted on an official market, are readily available on financial market information circuits given the guaranteed continuous contribution from various brokers and/or market makers.

#### *Debt securities*

The process adopted by Intermonte SIM for the measurement of the fair value of debt securities involves the use, in order, of prices sourced from BVAL, CBBT or BGN, provided by Bloomberg (the bid price for assets and the ask price for liabilities). These are prices from various market makers on OTC circuits. These prices are not the prices in operation on the bond market, but rather the estimated average based on direct participants in the quotation of the security on that particular day.

#### *Loans and receivables and amounts due to banks, other financial backers and customers*

For these items, predominantly redeemable on sight or with short term maturity, the carrying amount is considered to be a fair approximation of the fair value. This includes all operational assets and liabilities connected with the provision of financial services activities. These fair values are therefore traditionally classified at level 2 in the fair value hierarchy when the counterpart is a bank or financial institution and level 3 where the counterpart is a customer.

### A.4.2 Internal processes and valuation sensitivity

Intermonte SIM has adopted specific policies to determine valuations at fair value, which have been formalised in specific internal regulations approved by the company's senior management, especially in light of the amendments introduced by IFRS 9. These policies aim to guarantee correct and consistent application of IFRS 13 as well as identifying the level 3 inputs used.

For financial instruments measured at fair value and classified in level 3 of the fair value hierarchy, no sensitivity analysis is provided because the fair value measurement models do not allow for the development of alternative scenarios with regard to unobservable inputs used for valuation purposes, and because the impact of any changes in these inputs is not considered to be significant.

### A.4.3 Fair value hierarchy

In accordance with IFRS 13, the inputs to the valuation techniques adopted to measure the fair value of financial assets and liabilities are classified into 3 levels:

- Level 1: if the financial instrument is quoted on an active market
- Level 2: if the fair value is measured based on valuation techniques based on parameters that are observable on the market, other than the actual quotations of the financial instrument;
- Level 3: if the fair value is measured based on valuation techniques that are based on parameters that are not observable on the market;

*For more information on the models adopted, refer to the previous paragraphs.*

In compliance with the provisions of paragraph 93, letter c) of IFRS 13, we hereby disclose that during the reporting period there were no transfers of assets or liabilities between Level 1 and Level 2.

In compliance with the provisions of paragraph 93, letter e), iv) of IFRS 13, we hereby disclose that during the course of the reporting period Eu108,700 of financial assets, in the form of bonds, were transferred from Level 1 to Level 3, following the de-listing of the issuing company.

## Quantitative information

### A.4.5 Fair value hierarchy

#### *A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: distribution by fair value level*

| | 31/12/2021 | | | 31/12/2020 | | |
|---|---|---|---|---|---|---|
| **Assets/liabilities measured at fair value** | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| 1. Assets measured at fair value through profit or loss: | 129,537,889 | 10,798,874 | 214,164 | 137,347,108 | 9,321,388 | 3,031 |
| a) financial assets held for trading | 129,537,889 | 10,798,874 | 214,164 | 137,347,108 | 9,321,388 | 3,031 |
| b) financial assets designated at fair value | - | - | - | - | - | - |
| c) other financial assets mandatorily measured at fair value | - | - | - | - | - | - |
| 2. Financial assets measured at fair value through other comprehensive income | - | - | - | - | - | - |
| 3. Hedging derivatives | - | - | - | - | - | - |
| 4. Property and equipment | - | - | - | - | - | - |
| 5. Intangible assets | - | - | - | - | - | - |
| **Total** | **129,537,889** | **10,798,874** | **214,164** | **137,347,108** | **9,321,388** | **3,031** |
| 1. financial liabilities held for trading | 87,132,178 | 10,480,929 | 134,628 | 84,374,248 | 9,052,565 | 134,727 |
| 2. financial liabilities measured at fair value | - | - | - | - | - | - |
| 3. Hedging derivatives | - | - | - | - | - | - |
| **Total** | **87,132,178** | **10,480,929** | **134,628** | **84,374,248** | **9,052,565** | **134,727** |

### *A.4.5.2 Changes in level 3 financial assets measured at fair value on a recurring basis*

| | Financial assets measured at fair value through profit or loss | | | | Financial assets measured at fair value through other comprehensive income | Hedging derivatives | Property and equipment | Intangible assets |
|---|---|---|---|---|---|---|---|---|
| | **Total** | of which a:) Financial assets held for trading | of which b:) Financial assets measured at fair value | of which c:) Other financial assets mandatorily measured at f.v. | | | | |
| **I. Opening balance** | **3,026** | **3,026** | **-** | **-** | **-** | **-** | **-** | **-** |
| **2. Increases** | **211,143** | **211,143** | - | - | - | - | - | - |
| 2.1. Acquisitions | - | - | - | - | - | - | - | - |
| 2.2. Gains recognised in: | - | - | - | - | - | - | - | - |
| 2.2.1 Profit or loss | 102,106 | 102,106 | - | - | - | - | - | - |
| *of which: capital gains* | | | | | | | | |
| 2.2.2 Equity | - | - | - | - | - | - | - | - |
| 2.3. Transfers from other levels | 108,700 | 108,700 | - | - | - | - | - | - |
| 2.4. Other increases | 337 | 337 | - | - | - | - | - | - |
| **3. Decreases** | **(9)** | **(9)** | - | - | - | - | - | - |
| 3.1. Sales | - | - | - | - | - | - | - | - |
| 3.2. Redemptions | - | - | - | - | - | - | - | - |
| 3.3. Losses recognised in: | | | | | | | | |
| 3.3.1. Profit or loss | (9) | (9) | - | - | - | - | - | - |
| *of which: capital losses* | *(9)* | *(9)* | - | - | - | - | - | - |
| 3.3.2 Equity | - | - | - | - | - | - | - | - |
| 3.4. Transfers to other levels | - | - | - | - | - | - | - | - |
| 3.5. Other decreases | - | - | - | - | - | - | - | - |
| **4. Closing balance** | **214,160** | **214,160** | | | | | | |

### *A.4.5.3 Changes in level 3 financial liabilities measured at fair value on a recurring basis*

| | Financial liabilities held for trading | Financial liabilities designated at f.v. | Hedging derivatives |
|---|---|---|---|
| **I. Opening balance** | **134,727** | - | - |
| **2. Increases** | - | - | - |
| 2.1. Issues | - | - | - |
| 2.2. Losses recognised in: | - | - | - |
| 2.2.1 Profit or loss | - | - | - |
| *of which: capital losses* | | | |
| 2.2.2 Equity | - | - | - |
| 2.3. Transfers from other levels | - | - | - |
| 2.4. Other increases | - | - | - |
| **3. Decreases** | (99) | - | - |
| 3.1..Redemptions | - | - | - |
| 3.2. Repurchases | (99) | - | - |
| 3.3. Gains recognised in: | - | - | - |
| 3.3.1 Profit or loss | - | - | - |
| *of which: capital gains* | - | - | - |
| 3.3.2 Equity | - | - | - |
| 3.4. Transfers to other levels | - | - | - |
| 3.5. Other decreases | - | - | - |
| **4. Closing balance** | **(99)** | - | - |

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

| Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis | Total as at 31/12/2021 | | | | Total as at 31/12/2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | CA | L 1 | L 2 | L 3 | CA | L 1 | L 2 | L 3 |
| 1. Financial assets measured at amortised cost | 116,672,633 | | 108,876,276 | 7,796,357 | 80,018,925 | - | 76,449,409 | 3,569,516 |
| 3. Property and equipment held for investment | - | - | - | - | - | - | - | - |
| 4. Discontinued operations and disposal groups | - | - | - | - | - | - | - | - |
| **Total** | **116,672,633** | **-** | **108,876,276** | **7,796,357** | **80,018,925** | **-** | **76,449,409** | **3,569,516** |
| 1. Financial liabilities measured at amortised cost | 148,169,853 | - | 143,344,484 | 4,825,369 | 85,376,572 | - | 80,677,177 | 4,699,395 |
| 2. Liabilities associated with disposal groups | - | - | - | - | - | - | - | - |
| **Total** | **148,169,853** | **-** | **143,344,484** | **4,825,369** | **85,376,572** | **-** | **80,677,177** | **4,699,395** |

**Legend**

CA = Carrying amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

## A.5 - Disclosure on so-called "*Day one profit/loss*"

In accordance with the provisions of paragraph 28 of IFRS 7, the Group declares that it has no transactions in place from which, at the moment that a financial instrument is first booked, there is a difference between the transaction price and the value of the instrument obtained through internal measurement processes

# Part B

## Notes to the Statement of Consolidated Financial Position

# ASSETS

## Section 1 - Cash and cash equivalents - Item 10

### *1.1 Breakdown of cash and cash equivalents*

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Franking machine | 1,997 | 497 |
| Cash | 5,936 | 6,435 |
| Foreign currency | 3,663 | 3,588 |
| Current account deposits with banks | 12,825,726 | 25,796,085 |
| **Total** | **12,837,322** | **25,806,605** |

# Section 2 – Financial assets measured at fair through profit and loss – Item 20

## *2.1 Financial assets held for trading: breakdown by type*

| | 31/12/2021 | | | 31/12/2020 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **A. On-balance sheet assets** | | | | | | |
| 1. Debt securities | 7,342,068 | 1,637,373 | 3,044 | 8,291,996 | 209,766 | 3,002 |
| 1.1 structured securities | - | - | - | - | - | - |
| 1.2 other debt securities | 7,342,068 | 1,637,373 | 3,044 | 8,291,996 | 209,766 | 3,002 |
| 2. Equity securities | 91,873,369 | - | 108,719 | 82,221,361 | - | 29 |
| 3. Stakes in UCITS | 375,231 | - | - | 694,575 | - | - |
| 4. Loans | - | - | - | - | - | - |
| 5. Others | 4,225,167 | - | - | 696,591 | - | - |
| **Total A** | **103,815,835** | **1,637,373** | **111,763** | **91,904,523** | **209,766** | **3,031** |
| **B. Derivative instruments** | | | | | | |
| 1. Financial derivatives | 25,722,054 | 9,161,501 | 102,401 | 45,442,585 | 9,111,622 | - |
| 1.1 held for trading | 25,722,054 | 9,161,501 | 102,401 | 45,442,585 | 9,111,622 | - |
| 1.2 connected with fair value option | - | - | - | - | - | - |
| 1.3 others | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - |
| 2.1 held for trading | - | - | - | - | - | - |
| 2.2 connected with fair value option | - | - | - | - | - | - |
| 2.3 others | - | - | - | - | - | - |
| **Total B** | **25,722,054** | **9,161,501** | **102,401** | **45,442,585** | **9,111,622** | **-** |
| **Total A+B** | **129,537,889** | **10,798,874** | **214,164** | **137,347,108** | **9,321,388** | **3,031** |

Level 1 financial assets include debt and equity securities and derivative financial instruments listed on active markets.

Level 2 financial assets, a minimal amount, include bonds predominantly issued by banks (national and international) that are not listed on active markets but inserted on OTC circuits by market makers/brokers. There are also OTC derivative instruments, made up of put and call options on currencies and commodities, and bank securities. For the valuation methodology refer to table A.4.5.1

Among level 3 financial assets are bonds and U.C.I.T.S stakes that are non-listed or whose prices have been stable for more than two weeks. For the valuation methodology refer to the final section of table A.4.5.1.

**Legend:**

L1 = Level 1

L2 = Level 2

L3 = Level 3

## 2.2 Derivative financial instruments

| | Total as at 31/12/2021 | | | | Total as at 31/12/2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | | Over the counter | | | |
| | | No central counterparty | | | | No central counterparty | | |
| | Central counterparty | With clearing agreements | Without clearing agreements | Organised markets | Central counterparty | With clearing agreements | Without clearing agreements | Organised markets |
| **1. Debt and interest rate securities** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| –Fair value | - | - | - | - | - | - | - | - |
| **2. Equity and equity index securities** | | | | | | | | |
| –Notional value | - | 62,151,781 | - | 25,722,054 | - | 77,387,822 | - | 45,442,585 |
| –Fair value | - | 9,263,902 | - | 25,722,054 | - | 9,111,622 | - | 45,442,585 |
| **3. Currencies and gold** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| –Fair value | - | - | - | - | - | - | - | - |
| **4. Loans** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| –Fair value | - | - | - | - | - | - | - | - |
| **5. Commodities** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| –Fair value | - | - | - | - | - | - | - | - |
| **6. Other** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| –Fair value | - | - | - | - | - | - | - | - |
| **Total** | **-** | **9,263,902** | **-** | **25,722,054** | **-** | **9,111,622** | **-** | **45,442,585** |

## *2.3 Breakdown of financial assets held for trading: breakdown by debtors / issuers / counterparties*

| | Total as at 31/12/2021 | Total as at 31/12/2020 |
|---|---|---|
| **A. ON-BALANCE SHEET ASSETS** | | |
| **1. Debt securities** | **8,982,485** | **8,504,762** |
| a) Public bodies | 1,215,471 | 4,996,631 |
| b) Banks | 5,518,085 | 2,325,111 |
| c) Other financial companies | 311,211 | 301,388 |
| of which: insurance companies | 109,286 | |
| d) Non-financial companies | 1,937,718 | 881,632 |
| **2. Equity securities** | **96,207,254** | **82,917,983** |
| a) Banks | 15,302,088 | 18,828,481 |
| b) Other financial companies | 4,623,284 | 5,690,499 |
| of which: insurance companies | 773,480 | 2,516,231 |
| c) Non-financial companies | 72,056,711 | 27,328,379 |
| d) Others | 4,225,171 | 31,070,624 |
| **3. Stakes in UCITs** | **375,231** | **694,575** |
| **4. Loans** | - | - |
| a) Public bodies | - | - |
| b) Banks | - | - |
| c) Other financial companies | - | - |
| of which: insurance companies | - | - |
| d) Non-financial companies | - | - |
| e) Households | - | - |
| **Total A** | **105,564,970** | **92,117,320** |
| **B. DERIVATIVE FINANCIAL INSTRUMENTS** | | |
| a) Central counterparties | - | - |
| b) Others | 34,985,956 | 54,554,207 |
| **Total B** | **34,985,956** | **54,554,207** |
| **Total A + B** | **140,550,926** | **146,671,527** |

The breakdown of financial assets by debtor/issuer/counterparty has been compiled according to the criteria provided by the Bank of Italy. Notice is drawn to the fact that there are no outstanding equity securities from issuers classed as non-performing or unlikely to pay.

# Section 4 – Financial assets measured at amortised cost - Item 40

## *4.1 Breakdown of Item 40 "Financial assets measured at amortised cost" : Loans and receivables with banks*

| | Total as at 31/12/2021 | | | | | | Total as at 31/12/2020 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | | Fair Value | | | Carrying amount | | | Fair Value | | |
| **Breakdown** | **Stages 1 and 2** | **Stage 3** | **of which: purchased or originated credit-impaired loans** | **L 1** | **L 2** | **L 3** | **Stages 1 and 2** | **Stage 3** | **of which: purchased or originated credit-impaired loans** | **L 1** | **L 2** | **L 3** |
| **1. Loans and receivables** | **36,297,282** | **-** | **-** | **-** | **36,297,282** | **-** | **37,216,471** | **-** | **-** | **-** | **37,216,471** | **-** |
| 1.1 Term deposits | - | - | - | - | - | - | | - | - | - | - | - |
| 1.2 Current accounts | | | | | | | | | | | | |
| 1.3 Receivables for services | 15,236,541 | - | - | - | 15,236,541 | - | 5,787,044 | - | - | - | 5,787,044 | - |
| *trading* | 15,236,541 | - | - | - | 15,236,541 | - | 5,787,044 | - | - | - | 5,787,044 | - |
| *order collection* | - | - | - | - | - | - | - | - | - | - | - | - |
| *consultancy* | - | - | - | - | - | - | - | - | - | - | - | - |
| *placements* | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.4 Repurchase agreements | 21,060,741 | - | - | - | 21,060,741 | - | 31,429,427 | - | - | - | 31,429,427 | - |
| *-of which government securities* | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which other debt securities* | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which equity securities* | 21,060,741 | - | - | - | 21,060,741 | - | 31,429,427 | - | - | - | 31,429,427 | - |
| 1.5 Other loans | - | - | - | - | - | - | - | - | - | - | - | - |
| **2. Debt securities** | **-** | **-** | **-** | **-** | - | - | **-** | **-** | **-** | **-** | **-** | **-** |
| 2.1 Structured securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Other debt securities | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **36,297,282** | **-** | **-** | **-** | **36,297,282** | **-** | **37,216,471** | **-** | **-** | **-** | **37,216,471** | **-** |

For these items, which are predominantly on demand or with short-term maturities, the carrying amount has been considered a good approximation of the fair value. All loans and receivables related to the provision of assets and financial services are included. The fair value thus determined has been classified at level 2 in the fair value hierarchy. Specifically, the sums shown relate to current accounts held at banks. The sums also include deposits at banks for derivative transactions, receivables for trading services provided to banks, and receivables deriving from ongoing trading transactions. They also include equity borrowing transactions deposited at the Monte Titoli depository or foreign depositaries.

**Legend:**

L1 = Level 1

L2 = Level 2

L3 = Level 3

## *4.2 Breakdown of Item 40 "Financial assets measured at amortised cost": Loans and receivables with other financial institutions*

| | Total as at 31/12/2021 | | | | | | Total as at 31/12/2020 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | | Fair Value | | | Carrying amount | | | Fair Value | | |
| **Breakdown** | **Stages 1 and 2** | **Stage 3** | **of which: purchased or originated credit-impaired loans** | **L 1** | **L 2** | **L 3** | **Stages 1 and 2** | **Stage 3** | **of which: purchased or originated credit-impaired loans** | **L 1** | **L 2** | **L 3** |
| **1. Loans and receivables** | **72,578,994** | **-** | **-** | **-** | **72,578,994** | **-** | **39,232,938** | **-** | **-** | **-** | **39,232,938** | **-** |
| 1.1 Receivables for services | 69,144,263 | - | - | - | 69,144,263 | - | 34,100,680 | - | - | - | 34,100,680 | - |
| *margin deposits* | 68,870,116 | | | | 68,870,116 | | 33,173,951 | | | | 33,173,951 | |
| *trading* | 274,147 | - | - | - | 274,147 | - | 926,729 | - | - | - | 926,729 | - |
| *order collection* | - | - | - | - | - | - | - | - | - | - | - | - |
| *consultancy* | - | - | - | - | - | - | - | - | - | - | - | - |
| *placement* | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.2 Repurchase agreements | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which on government bonds* | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which on other debt securities* | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which on equity securities* | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.3 Other loans | 3,434,731 | - | - | - | 3,434,731 | - | 5,132,258 | - | - | - | 5,132,258 | - |
| **2. Debt securities** | **-** | **-** | **-** | **-** | - | - | **-** | **-** | **-** | **-** | **-** | **-** |
| 2.1 Structured securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Other debt securities | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **72,578,994** | **-** | **-** | **-** | **72,578,994** | **-** | **39,232,938** | **-** | **-** | **-** | **39,232,938** | **-** |

For these items, which are predominantly on demand or with short-term maturities, the book value has been considered a good approximation of the fair value. All operational loans and receivables related to the provision of assets and financial services are included. The fair value thus determined has been classified at level 2 in the fair value hierarchy. For the most part the sums shown relate to deposits at clearing houses for derivative transactions. Also included are ongoing trading operations, and receivables of fees for services provided to institutional clients.

**Legend:**

L1 = Level 1

L2 = Level 2

L3 = Level 3

## *4.3 Breakdown of Item 40 "Financial assets measured at amortised cost": Loans and receivables with clients*

| | Total as at 31/12/2021 | | | | | | Total as at 31/12/2020 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Book Value | | | Fair Value | | | Book Value | | | Fair Value | | |
| **Breakdown** | **Stages 1 and 2** | **Stage 3** | **Purchased or originated credit-impaired loans** | **L 1** | **L 2** | **L 3** | **Stages 1 and 2** | **Stage 3** | **Purchased or originated credit-impaired loans** | **L 1** | **L 2** | **L 3** |
| **1. Loans and receivables** | **7,796,357** | **-** | **-** | **-** | **-** | **7,796,357** | **3,569,516** | **-** | **-** | **-** | **-** | **3,569,516** |
| 1.2 Receivables for services | 7,684,740 | - | - | - | - | 7,684,740 | 3,488,423 | - | - | - | - | 3,488,423 |
| *trading* | - | - | - | - | - | - | - | - | - | - | - | - |
| *order reception* | - | - | - | - | - | - | - | - | - | - | - | - |
| *consultancy* | 7,684,740 | - | - | - | - | 7,684,740 | 3,488,423 | - | - | - | - | 3,488,423 |
| *placement* | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.2 Repurchase agreements | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which on government bonds* | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which on other debt securities* | - | - | - | - | - | - | - | - | - | - | - | - |
| *-of which on equity securities* | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.3 Other loans | 111,617 | - | - | - | - | 111,617 | 81,093 | - | - | - | - | 81,093 |
| **2. Debt securities** | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 Structured securities | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 Other debt securities | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **7,796,357** | **-** | **-** | **-** | **-** | **7,796,357** | **3,569,516** | **-** | **-** | **-** | **-** | **3,569,516** |

For these items, which are predominantly on demand or with short-term maturities, the carrying value has been considered a good approximation of the fair value. The fair value thus determined has been classified at level 3 in the fair value hierarchy. Specifically, the sums shown relate to receivables for consultancy on services provided (Specialist, Nomad, Placements, Advisory, Liquidity provision, etc).

**Legend:**

L1 = Level 1

L2 = Level 2

L3 = Level 3

## *4.4 "Financial assets measured at amortised cost": Gross value and net impairment losses*

| | Gross Value | | | | | Net impairment loss | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | of which: securities with low credit risk | Stage 2 | Stage 3 | Purchased or originated credit-impaired loans | Stage 1 | Stage 2 | Stage 3 | Purchased or originated credit-impaired loans | Partial gross write-offs |
| Debt securities | - | - | - | - | | - | - | - | | - |
| Loans and receivables | 116,672,633 | - | - | - | | - | - | - | | - |
| Other assets | | | | | | | | | | |
| **Total as at 31/12/2021** | **116,672,633** | - | - | - | | - | - | - | | - |
| **Total as at 31/12/2020** | **80,018,925** | - | - | - | | - | - | **337,482** | | - |

The absence of impairment losses on financial assets measured at amortised cost and classified at Stage 1 was due to the short-term maturities of such assets, and to the fact that most of these were collected by 3Q 2021. It is to be noted that while total financial assets measured at fair value amounted to Euro 139,228,795, over 85% corresponded to current accounts and lending of equity securities.

# Section 8 - Property and equipment - Item 80

## *8.1 Property and equipment for business use: breakdown of assets measured at cost*

| | Total as at 31/12/2021 | Total as at 31/12/2020 |
|---|---|---|
| **1. Owned** | | |
| a) land | - | - |
| b) buildings | - | - |
| c) furnishings | 10,409 | 7,847 |
| d) electronic equipment | 441,078 | 185,444 |
| e) other assets | 86,199 | 159,035 |
| **2. Right of usage acquired through lease** | | |
| a) land | - | - |
| b) buildings | 3,995,285 | 4,707,261 |
| c) furnishings | - | - |
| d) electronic equipment | - | - |
| e) other assets | - | - |
| **Total** | **4,532,971** | **5,059,587** |

## *8.5 Property and equipment for business use: annual changes*

| | Land | Buildings | Furnishings | Electronic equipment | Others | Total |
|---|---|---|---|---|---|---|
| **A. Gross opening balance as at 01/01/2021** | **-** | **4,707,261** | **7,847** | **185,444** | **159,035** | **5,059,587** |
| A.1 Net total impairment losses | - | - | - | - | - | - |
| **A.2 Net opening balance as at 01/01/2021** | **-** | **4,707,261** | **7,847** | **185,444** | **159,035** | **5,059,587** |
| **B. Increases** | **-** | **-** | **4,993** | **431,823** | **12,256** | **449,072** |
| B.1 Acquistions | - | - | 4,993 | 431,823 | 12,256 | 449,072 |
| B.2 Capitalised spending on improvements | - | - | - | - | - | - |
| B.3 Reversals of impairment losses | - | - | - | - | - | - |
| B.4 Fair value gains | - | - | - | - | - | - |
| recognised in: | - | - | - | - | - | - |
| *a) equity* | - | - | - | - | - | - |
| *b) profit or loss* | - | - | - | - | - | - |
| B.5 Exchange rate gains | - | - | - | - | - | - |
| B.6 Transfers from investment property | - | - | - | - | - | - |
| B.7 Other increases | - | - | - | - | - | - |
| **C. Decreases** | **-** | **(711,976)** | **(2,431)** | **(176,189)** | **(85,092)** | **(975,688)** |
| C.1 Sales | - | - | - | - | - | - |
| C.2 Depreciation | - | (711,976) | (2,431) | (176,189) | (85,092) | (975,688) |
| C.3 Impairment losses | - | - | - | - | - | - |
| recognised in : | - | - | - | - | - | - |
| *a) equity* | - | - | - | - | - | - |
| *b) profit or loss* | - | - | - | - | - | - |
| C.4 Fair value losses | - | - | - | - | - | - |
| recognised in : | - | - | - | - | - | - |
| *a) equity* | - | - | - | - | - | - |
| *b) profit or loss* | - | - | - | - | - | - |
| C.5 Exchange rate losses | - | - | - | - | - | - |
| C.6 Transfers | - | - | - | - | - | - |
| *a) property and equipment held for investment* | - | - | - | - | - | - |
| *b) non-current assets held for sale* | - | - | - | - | - | - |
| C.7 Other decreases | - | - | - | - | - | - |
| **D. Net closing balance as at 31/12/2021** | **-** | **3,995,285** | **10,409** | **441,078** | **86,199** | **4,532,971** |
| D.1 Net total impairment losses | - | - | - | - | - | - |
| **D.2 Gross closing balance as at 31/12/2021** | **-** | **3,995,285** | **10,409** | **441,078** | **86,199** | **4,532,971** |
| **E. Cost measurement** | | | | | | |

Property and equipment items are included in the financial statements at cost and are depreciated on the basis of the real economic/ technical impairment. No revaluations have ever been recorded.

## *8.7 Commitments for the purchase of equipment and property (IAS 16/74 C)*

It is reported that, in accordance with the provisions of IAS 16, para.74 c), the company has signed no commitments/orders for asset purchases.

# Section 9 - Intangible assets - Item 90

## 9.1 Breakdown of "Intangible assets"

| | Total as at 31/12/2021 | | Total as at 31/12/2020 | |
|---|---|---|---|---|
| | Assets measured at cost | Assets measured at fair value | Assets measured at cost | Assets measured at fair value |
| **1. Goodwill** | - | - | - | - |
| **2. Other intangible assets** | **60,865** | - | **73,544** | - |
| 2.1) generated in-house | - | - | - | - |
| 2.2) others | 60,865 | - | 73,544 | - |
| **TOTAL** | **60,865** | **-** | **73,544** | **-** |

The "Intangible assets" entered in the balance sheet are mainly composed of software licences, booked at cost.

## 9.2 "Intangible assets" annual changes

| | Total |
|---|---|
| **A. Opening balance as at 01/01/2021** | **73,544** |
| **B. Increases** | |
| B.1 Purchases | 57,694 |
| B.2 Reversals of impairment losses | - |
| B.3 Fair value gains recognised in : | - |
| *- equity* | - |
| *- profit or loss* | - |
| B.4 Other changes | - |
| **C. Decreases** | |
| C.1 Sales | (70,373) |
| C.2 Depreciation | - |
| C.3 Impairment losses | - |
| *- equity* | - |
| *- profit or loss account* | - |
| C.4 Fair value losses recognised in : | - |
| *- equity* | - |
| *- profit or loss account* | - |
| C.5 Other changes | - |
| **D. Closing balance as at 31/12/2021** | **60,865** |

# Section 10 - Tax assets and liabilities - Item 100 of assets and Item 60 of liabilities

## *10.1 Breakdown of "Current and deferred tax assets"*

### "CURRENT TAX ASSETS"

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Pre-paid corporate income tax (IRES) | 3,093,732 | 2,042,717 |
| Pre-paid regional business tax (IRAP) | 206,191 | 289,619 |
| Credit from Patent Box | 226,218 | - |
| Interim tax payment for revaluation of post-employment benefits | 26 | 2 |
| Withholding for capital gains tax | 893,705 | 856,134 |
| Other assets and deductions, to be recovered after lodgement of tax return | 12,485 | 12,719 |
| **Current tax assets** | **4,432,357** | **3,201,191** |

Tax effects are recognised according to principles consistent with those for the recognition of the events and transactions that generated them.

Assets and liabilities are measured applying the tax rates to the nominal value of the temporary differences in force in the periods when reversals of the same temporary differences occur, taking into account the tax rates in force at the interim reporting date.

### "DEFERRED TAX ASSETS"

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| | IRES | IRAP | IRES | IRAP |
| Personnel expense | 1,032,462 | - | 316,907 | - |
| Impairments for issuers | 28,080 | - | 109,075 | - |
| Maintenance expense | - | - | - | - |
| Leasehold improvements | - | - | - | - |
| Carry-forward losses from previous fiscal year | 114,165 | - | - | - |
| Provision for risks | 120,000 | - | 168,296 | - |
| **Deferred tax assets** | **1,294,707** | **-** | **594,278** | **-** |
| **TOTAL** | **1,294,707** | | **594,278** | |

## *10.2 Breakdown of "Current and deferred tax liabilities"*

### "CURRENT TAX LIABILITIES"

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Corporate income tax (IRES) liabilities | 3,835,195 | 3,022,872 |
| Regional business tax (IRAP) liabilities | 259,954 | 90,662 |
| **Current tax liabilities** | **4,095,149** | **3,113,534** |

### "DEFERRED TAX LIABILITIES"

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Dividends | 86,675 | 97,073 |
| **Deferred tax liabilities** | **86,675** | **97,073** |

## 10.3 Changes in deferred tax assets (through profit and loss)

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| | IRES | IRAP | IRES | IRAP |
| **1. Opening balance** | 594,278 | - | 535,686 | - |
| **2. Increases** | | | | |
| 2.1 Deferred tax assets recognised in the year: | - | - | - | - |
| a) relating to previous years | 24,000 | - | 18,000 | - |
| b) due to changes in accounting criteria | - | - | - | - |
| c) reversals of impairment losses | - | - | - | - |
| d) others | - | - | - | - |
| 2.2 New taxes or increases in tax rates | 1,005,951 | - | 327,847 | - |
| 2.3 Other increases | - | - | - | - |
| **3. Decreases** | | | | |
| 3.1 Deferred tax assets derecognised in the year: | - | - | - | - |
| a) reversals | (224,527) | - | - | - |
| b) impairment losses due to irrecoverable positions | - | - | - | - |
| c) due to changes in accounting criteria | - | - | - | - |
| d) others | (104,995) | - | (287,255) | - |
| 3.2 Reduction in tax rates | - | - | - | - |
| 3.3 Other decreases | - | - | - | - |
| a) Transfer into tax assets in accordance with law 214/2011 | - | - | - | - |
| b) Others | - | - | - | - |
| **4. Closing balance** | **1,294,707** | **-** | **594,278** | **-** |
| **TOTAL** | **1,294,707** | | **594,278** | |

## 10.4 Changes in deferred tax liabilities (through profit and loss)

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| | IRES | IRAP | IRES | IRAP |
| **1. Opening balance** | 97,073 | - | 86,665 | - |
| **2. Increases** | | | | |
| 2.1 Deferred tax liabilities recognised in the year: | - | - | - | - |
| a) relating to previous years | - | - | - | - |
| b) due to changes in accounting criteria | - | - | - | - |
| c) others | 86,675 | - | 97,073 | - |
| 2.2 New taxes or increases in tax rates | - | - | - | - |
| 2.3 Other increases | - | - | - | - |
| **3. Decreases** | | | | |
| 3.1 Deferred tax liabilities derecognised in the year: | - | - | - | - |
| a) reversals | (97,073) | - | (86,665) | - |
| b) due to changes in accounting criteria | - | - | - | - |
| c) others | - | - | - | - |
| 3.2 Reduction in tax rates | - | - | - | - |
| 3.3 Other decreases | - | - | - | - |
| **4. Closing balance** | **86,675** | **-** | **97,073** | **-** |
| **TOTAL** | **86,675** | | **97,073** | |

# Section 12 - Other assets - Item 120

## *12.1 Breakdown of Item 120 "Other assets"*

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Guarantee deposits | 300 | 300 |
| Deposits paid to clearing houses for derivative transactions | 51,231,000 | 15,987,000 |
| Accrued income | 384,542 | 283,067 |
| Other assets | 293,073 | 37,788 |
| **Total** | **51,908,915** | **16,308,155** |

The amount of Euro 58,059,000 relates to the deposit for "default funds" at CC&G (clearing house) due to company trading in derivatives.

"Accrued income" is calculated on costs effectively paid during the year but partially or entirely booked in subsequent periods.

# LIABILITIES

## Section 1 - Financial liabilities measured at amortised cost - Item 10

### *1.1 Breakdown of "Financial liabilities measured at amortised cost": Amounts due*

| | Total as at 31/12/2021 | | | Total as at 31/12/2020 | | |
|---|---|---|---|---|---|---|
| | Due to banks | Due to other financial backers | Due to customers | Due to banks | Due to other financial backers | Due to customers |
| 1. Loans | 122,436,713 | - | 4,372,269 | 70,963,674 | - | 4,301,092 |
| 1.1 Repurchase agreements | 75,316,789 | - | - | 65,958,768 | - | - |
| *- of which government securities* | - | - | - | - | - | - |
| *- of which other debt securities* | - | - | - | - | - | - |
| *- of which equity securities* | 75,316,789 | - | - | 65,958,768 | - | - |
| 1.2 Loans | 47,119,924 | - | 4,372,269 | 5,004,906 | - | 4,301,092 |
| 2. Lease liabilities | 4,221,055 | - | - | 4,896,312 | - | - |
| 3. Other | 10,984,044 | 5,702,672 | 453,100 | 2,855,706 | 1,961,485 | 398,303 |
| **Total** | **137,641,812** | **5,702,672** | **4,825,369** | **78,715,692** | **1,961,485** | **4,699,395** |
| **Fair value - level 1** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Fair value - level 2** | **137,641,812** | **5,702,672** | **-** | **78,715,692** | **1,961,485** | **-** |
| **Fair value - level 3** | **-** | **-** | **4,825,369** | **-** | **-** | **4,699,395** |
| **Total fair value** | **137,641,812** | **5,702,672** | **4,825,369** | **78,715,692** | **1,961,485** | **4,699,395** |

For amounts due to banks and other financial backers, given that these liabilities are payable on demand and in light of the nature of the counterparties, the carrying amount is considered to be a reasonable approximation of the fair value, which has been classified at level 2 on the hierarchy. These largely relate to current accounts with banks and securities lending. The loans include credit lines and financing from banks. The other amounts relate to ongoing trading operations. Amounts due to customers predominantly have short maturities and the carrying amount is considered to be a reasonable approximation of the fair value, which has been classified at level 3 on the hierarchy. The company notes that no amounts are due to financial advisers, nor is there any subordinated debt.

## Section 2 - Financial liabilities held for trading - Item 20

### *2.1 Breakdown "Financial liabilities held for trading"*

| | Total as at 31/12/2021 | | | | | Total as at 31/12/2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fair value | | | | | Fair value | | | | |
| **Liabilities** | **L1** | **L2** | **L3** | **FV*** | **NV** | **L1** | **L2** | **L3** | **FV*** | **NV** |
| **A.Cash liabilities** | | | | | | | | | | |
| 1. Due to banks, other financial backers and customers | - | - | - | - | - | - | - | - | - | - |
| 2. Debt securities | - | - | - | - | - | 1,302 | - | - | 1,302 | - |
| - Bonds | - | - | - | - | - | - | - | - | - | - |
| - structured | - | - | - | - | - | - | - | - | - | - |
| - other bonds | - | - | - | - | - | 1,302 | - | - | 1,302 | - |
| - other securities | 15,128,439 | - | 134,628 | 15,263,067 | 2,865,074 | 23,850,146 | - | 134,727 | 23,984,873 | 5,403,112 |
| - structured | - | - | - | - | - | - | - | - | | |
| - others | 15,128,439 | - | 134,628 | 15,263,067 | 2,865,074 | 23,850,146 | - | 134,727 | 23,984,873 | 5,403,112 |
| **Total A** | **15,128,439** | **-** | **134,628** | **15,263,067** | **2,865,074** | **23,851,448** | **-** | **134,727** | **23,986,175** | **5,403,112** |
| **B. Derivative instruments** | | | | | | | | | | |
| 1. Financial derivatives | 72,003,739 | 10,480,929 | - | 82,484,668 | 811,958,256 | 60,522,800 | 9,052,565 | - | 69,575,365 | 782,747,512 |
| - trading | 72,003,739 | 10,480,929 | - | 82,484,668 | 811,958,256 | 60,522,800 | 9,052,565 | - | 69,575,365 | 782,747,512 |
| - connected with the fair value option | - | - | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - | - | - |
| 2. Credit derivatives | - | - | - | - | - | - | - | - | - | - |
| - trading | - | - | - | - | - | - | - | - | - | - |
| - connected with the fair value option | - | - | - | - | - | - | - | - | - | - |
| - others | - | - | - | - | - | - | - | - | - | - |
| **Total B** | **72,003,739** | **10,480,929** | **-** | **82,484,668** | **811,958,256** | **60,522,800** | **9,052,565** | **-** | **69,575,365** | **782,747,512** |
| **Total A+B** | **87,132,178** | **10,480,929** | **134,628** | **97,747,735** | **814,823,330** | **84,374,248** | **9,052,565** | **134,727** | **93,561,540** | **788,150,624** |

FV* = Fair value calculated excluding value adjustments due to changes in the credit rating of the issuer since the issue date

NV = nominal/notional value

All the financial instruments recognised under financial liabilities held for trading are measured at fair value. "Other securities" includes the sale of equity securities supported by the right to receive said securities through security lending contracts.

Legend: L1 = Level 1; L2 = Level 2; L3 = Level 3

## *2.4 Financial liabilities held for trading: derivative financial instruments*

| Underlying asset/Type of derivative | Total as at 31/12/2021 | | | | Total as at 31/12/2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Over the counter | | | | Over the counter | | | |
| | | No central counterparty | | | | No central counterparty | | |
| | Central counterparty | With clearing agreements | Without clearing agreements | Organised markets | Central counterparty | With clearing agreements | Without clearing agreements | Organised markets |
| **7. Debt and interest rate securities** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| *–Fair value* | - | - | - | - | - | - | - | - |
| **8. Equity and equity index securities** | | | | | | | | |
| –Notional value | - | 70,778,968 | | 741,179,288 | - | 53,619,109 | - | 729,128,402 |
| *–Fair value* | - | 10,480,929 | | 72,947,040 | - | 9,052,565 | - | 61,123,360 |
| **9. Currencies and gold** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| *–Fair value* | - | - | - | - | - | - | - | - |
| **10. Loans** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| *–Fair value* | - | - | - | - | - | - | - | - |
| **11. Commodities** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| *–Fair value* | - | - | - | - | - | - | - | - |
| **12. Other** | | | | | | | | |
| –Notional value | - | - | - | - | - | - | - | - |
| *–Fair value* | - | - | - | - | - | - | - | - |
| **Total** | **-** | **10,480,929** | **-** | **72,947,040** | **-** | **9,052,565** | **-** | **61,123,360** |

"Equity and equity index securities" are valued at a fair value of Euro 10,224,132, compared to a notional value of Euro 93,296,708, and relate entirely to put and call options on shares

## Section 6 - Tax liabilities - Item 60

See section 10 of assets

## Section 8 - Other liabilities - Item 80

### *8.1 Breakdown of "Other liabilities"*

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Tax liabilities | 1,478,924 | 885,887 |
| Due to social security institutions | 537,708 | 551,710 |
| Due to employees and freelancers | 9,781,451 | 10,154,011 |
| Due to suppliers | 428,243 | 389,520 |
| Amounts due for invoices to be received | 359,457 | 355,336 |
| Deferred income that cannot be attributed to a specific item | 1,189,244 | 1,185,961 |
| Amounts due for foreign taxes | 144,855 | 51,050 |
| Other amounts due | 1,087,035 | 369,462 |
| **Total** | **15,006,917** | **13,942,937** |

"Other liabilities" are composed predominantly of amounts due to employees, and include: the amount of the bonus for the period to 30 June 2021 to be paid in subsequent years; deferred income on revenues already booked but pertaining, in part or in whole, to the subsequent year; amounts due to suppliers for invoices already received; allocations for amounts not yet invoiced by suppliers at the balance sheet date; and tax liabilities and amounts due to social security institutions pertaining mainly to employee income tax (IRPEF) retentions and social security (INPS) contributions.

# Section 9 - Post-employment benefits - Item 90

## *9.1 Post-employment benefits: annual changes*

| | Total as at 31/12/2021 | Total as at 31/12/2020 |
|---|---|---|
| **A. Opening balance** | **55,025** | **30,603** |
| **B Increases** | | |
| B.1 Accruals for the year | 37,352 | 24,449 |
| B.2 Other increases | - | - |
| **C Decreases** | | |
| C.1 Amounts paid to leavers | - | (27) |
| C.2 Other decreases | - | - |
| **D. Closing balance** | **92,377** | **55,025** |

As of 1st January 2007, pursuant to the 2007 Finance Act and related implementing legislation, new post-employment benefits may be channelled by the employee into complementary pension funds or kept within the company (in which case the company pays post-employment benefits to a treasury account set up with INPS, the government social security department). The indemnities directed to complementary pension funds do not go through the company's provision for post-employment benefits. The changes that have occurred refer to payments during the year of benefits kept in the company.

# Section 10 - Provisions for risks and charges - Item 100

## *10.1 Breakdown of "Provisions for risks and charges"*

| | Total as at 31/12/2021 | Total as at 31/12/2020 |
|---|---|---|
| 1. Commitments and guarantees granted | - | - |
| 2. Company pension funds | - | - |
| 3. Other provisions for risks and charges | 3,241,798 | 701,234 |
| 3.1 legal and tax disputes | - | - |
| 3.2 liabilities to personnel | 2,741,798 | - |
| 3.3 others | 500,000 | 701,234 |
| **Total** | **3,241,798** | **701,234** |

The item mainly covers allocations for potential charges in relation to existing litigation with third-parties, i.e. former employees, and liabilities to personnel.

## *10.2 "Company pension funds" and "Other provisions for risks and charges": annual changes*

| | Company pension funds | Other provisions for risks and charges | Total |
|---|---|---|---|
| **A. Opening balance** | **-** | **701,234** | **701,234** |
| **B. Increases** | | | |
| B.1 Accruals of the year | 2,741,798 | - | 2,741,798 |
| B.2 Changes due to passage of time | - | - | |
| B.3 Changes due to adjustment in discount rate | - | - | |
| B.4 Other changes | - | - | |
| **C. Decreases** | | | |
| C.1 Use during the financial year | - | (201,234) | (201,234) |
| C.2 Changes due to adjustment in discount rate | - | - | |
| C.3 Other changes | - | - | |
| **D. Closing balance** | 2,741,798 | 500,000 | **3,241,798** |

# Section 11

## Equity - Items 110, 120, 130, 140, 150 and 160

### *11.1 Breakdown of "Share capital"*

| | 31/12/2021 | |
|---|---|---|
| | **Amount** | **No. of shares** |
| 1. Share capital | | |
| 1.1 Ordinary shares | 3,290,500 | 36,195,500 |
| **Total share capital** | **3,290,500** | **36,195,500** |

The subscribed capital is made up of 36,195,500 ordinary shares and is fully paid up.

### *11.2 Breakdown of "Treasury Shares"*

| | 31/12/2021 | | |
|---|---|---|---|
| | **No. of shares** | **Unit value** | **Amount** |
| 1. Treasury shares | | | - |
| 1.1 Ordinary shares | 4,051,003 | 1.95 | 7,909,950 |
| **Total share capital** | **4,051,003** | | **7,909,950** |

## Group equity - Items 120, 160 and 170

### *15.1 Group equity: breakdown*

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| 1. Share capital | 3,290,500 | 3,290,500 |
| 2. Share premium | - | - |
| 3. Reserves | 51,188,417 | 60,312,333 |
| a) profits | 38,322,322 | 47,446,238 |
| b) other | 12,866,095 | 12,866,095 |
| 4. Treasury shares | (7,909,950) | (1,392,192) |
| a) parent company | (7,909,950) | (1,392,192) |
| b) subsidiaries | - | - |
| 5. Valuation reserves | - | - |
| 6. Equity instruments | - | - |
| 7. Group profit (loss) for the year | 7,196,024 | 7,752,586 |
| **Total** | **53,764,991** | **69,963,227** |

On 1st October 2021, the Issuer's ordinary shareholder meeting passed a resolution for the extraordinary distribution from reserves of Euro 5 per Ordinary Share pre-stock split, drawn from the extraordinary profit reserves for a total of Euro 14,611,135. The distribution was executed on 7th October 2021.

# Section 12

## Equity attributable to minority equity interests - Item 180

### *12.1 Breakdown of "Equity attributable to minority equity interests"*

| | Total as at 31 12 2021 | Total as at 31 12 2020 |
|---|---|---|
| 1) Share capital | 6,499,802 | 6,499,802 |
| 2) Treasury shares | (1,374,504) | (1,374,504) |
| 3) Capital instruments | 707,269 | |
| 4) Share premium | 1,415,311 | 2,395,546 |
| 5) Reserves | 1,299,960 | 2,100,510 |
| 6) Valuation reserves | | |
| 7) Profit (Loss) for the year | 1,537,364 | 1,301,316 |
| **Total** | **10,085,202** | **10,922,670** |

"Treasury shares" refers to the shares repurchased attributable to minority equity interests on the basis of specific equity ratios.

## Reconciliation of statutory net equity with consolidated net equity

### NET EQUITY AS AT 31 DECEMBER 2021

| | Intermonte Partners | Intermonte SIM | Consolidation offsets and adjustments | Total as at 31/12/2021 |
|---|---|---|---|---|
| Share capital: | 3,290,500 | 45,950,000 | (45,950,000) | 3,290,500 |
| Share premium | - | 10,005,468 | (10,005,468) | - |
| Reserves: | | | | |
| a) profits | 13,043,001 | 9,190,000 | 16,089,321 | 38,322,322 |
| b) other | 12,866,095 | - | - | 12,866,095 |
| Valuation reserves | - | - | - | - |
| Equity instruments | - | 5,000,000 | (5,000,000) | - |
| Interim dividend | - | - | - | - |
| Treasury shares | (7,909,950) | (9,716,982) | 9,716,982 | (7,909,950) |
| Profit (Loss) for the year | 10,708,911 | 10,868,310 | (14,381,197) | 7,196,024 |
| **TOTAL** | **31,998,557** | **71,296,796** | **(49,530,362)** | **53,764,991** |

# Part C

## Notes to the Consolidated Income Statement

# Section 1 - Net trading income - Item 10

## *1.1 Breakdown of "Net trading income"*

| | Gains | Trading income | Losses | Trading loss | Net income (loss) to 31/12/2021 |
|---|---|---|---|---|---|
| **1. Financial assets** | | | | | |
| 1.1 Debt securities | 18,758 | 2,804,594 | (66,594) | (1,069,449) | 1,687,309 |
| 1.2 Equity securities and stakes in UCITS | 4,149,412 | 13,765,146 | (901,851) | (25,866,824) | (8,854,117) |
| 1.3 Other assets | 122,670 | - | - | (1,475,393) | (1,352,723) |
| **2. Financial liabilities** | | | | | |
| 2.1 Debt securities | - | - | - | - | - |
| 2.2 Loans and borrowings | - | - | - | - | - |
| 2.3 Other liabilities | - | - | - | - | - |
| **3. Financial assets and liabilities:** | | | | | |
| **exchange rate differences** | - | 87,806 | - | - | 87,806 |
| **4. Financial derivatives** | | | | | |
| - debt securities and interest rates | 60,035 | - | - | - | 60,035 |
| - equity securities and share indices | 13,493,119 | 120,584,694 | (53,051,735) | (63,956,256) | 17,069,822 |
| - foreign currencies | - | - | - | - | - |
| - Others | 1,468,640 | - | - | - | 1,468,640 |
| **5. Credit derivatives** | | | | | |
| of which: natural hedges related to the fair value option | - | - | - | - | - |
| **Total** | **19,312,634** | **137,242,240** | **(54,020,180)** | **(92,367,922)** | **10,166,772** |

No impairments or losses from trading are attributable to assets from issuers or counterparties that demonstrate a lack of creditworthiness.

# Section 5 - Fees and commissions - Items 50 and 60

## *5.1 Breakdown of "Fee and commission income"*

| Detail | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| 1. Proprietary trading | - | - |
| 2. Execution of orders on behalf of customers | 16,445,659 | 15,305,638 |
| 3. Placement and distribution | | |
| - of securities | 5,849,575 | 366,290 |
| - of third-party services | - | - |
| - individual portfolio management | - | - |
| - collective portfolio management | - | - |
| - insurance products | - | - |
| - others | - | - |
| 4. Portfolio management | | |
| - proprietary | - | - |
| - for third parties | 436,416 | 759,855 |
| 5. Receipt and transmission of orders | 45,199 | 9,946 |
| 6. Investment advisory | 4,979,295 | 4,856,903 |
| 7. Advisory on financial structure | 4,537,681 | 6,838,892 |
| 8. Management of multilateral trading facilities | - | - |
| 9. Management of organised trading facilities | | |
| 10. Funds under custody and administration | 6,570 | 430 |
| 11. Currency trading | - | - |
| 12. Other services | 1,200 | 1,744 |
| **Total** | **32,301,595** | **28,139,698** |

Commission income for the year came predominantly from trading on behalf of customers.

## *5.2 Breakdown of "Fee and commission expense*

| Detail | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| 1. Proprietary trading | (102,859) | (108,567) |
| 2. Execution of orders on behalf of customers | (1,354,066) | (2,139,458) |
| 3. Placement and distribution | | |
| - of securities | (1,164,240) | (19,278) |
| - of third-party services | - | - |
| - portfolio services | - | - |
| - other services | - | - |
| 4. Portfolio management | | |
| - proprietary | - | - |
| - for third parties | (7,604) | (15,558) |
| 5. Order collection | (774) | (250) |
| 6. Investment advisory | (4,475) | (4,635) |
| 7. Funds under custody and administration | - | - |
| 8. Other services | (49,700) | (89,609) |
| **Total** | **(2,683,718)** | **(2,377,355)** |

# Section 6 - Interest - Items 70 and 80

## 6.1 Breakdown of "Interest and similar income"

| | Debt securities | Loans | Others | Total to 31 12 2021 | Total to 31 12 2020 |
|---|---|---|---|---|---|
| 1. Financial assets measured at fair value through profit or loss: | 450,677 | - | - | 450,677 | 466,794 |
| 1.1 Financial assets held for trading | 450,677 | - | - | 450,677 | 466,794 |
| 1.2 Financial assets designated at fair value | - | - | - | - | - |
| 1.3 Financial assets mandatorily measured at fair value | - | - | - | - | - |
| 2. Financial assets measured at fair value through other comprehensive income | - | - | - | - | - |
| 3. Financial assets measured at amortised cost: | - | - | 72,522 | 72,522 | 82,339 |
| 3.1. Receivables with banks | - | - | 4,652 | 4,652 | 8,883 |
| 3.2 Receivables with financial backers | - | - | 67,870 | 67,870 | 73,456 |
| 3.3. Receivables with customers | - | - | - | - | - |
| 4. Hedging derivatives | - | - | - | - | - |
| 5. Other assets | - | - | 86,812 | 86,812 | 22,911 |
| 6. Financial liabilities | - | - | - | - | - |
| **Total** | **450,677** | **-** | **159,334** | **610,011** | **572,044** |
| *of which: interest income from impaired financial assets* | | | | | |

The item is predominantly composed of interest income from bonds held for trading. There is no interest income from impaired financial assets.

## 6.4 Breakdown of "Interest and similar expense"

| | Repurchase agreements | Other loans | Securities | Others | Total to 31 12 2021 | Total to 31 12 2020 |
|---|---|---|---|---|---|---|
| 1. Financial liabilities measured at amortised cost: | (1,041,826) | (436,871) | - | (70,770) | (1,549,467) | (1,096,686) |
| 1.1. due to banks | (1,018,342) | (436,871) | - | (70,770) | (1,525,983) | (1,096,686) |
| 1.2 due to financial backers | (23,484) | - | - | - | (23,484) | - |
| 1.3. due to customers | - | - | - | - | - | - |
| 1.4. outstanding securities | - | - | - | - | - | - |
| 2. Financial liabilities held for trading | - | - | - | - | - | - |
| 3. Financial liabilities designated at fair value | - | - | - | - | - | - |
| 4. Other liabilities | - | - | - | (937,854) | (937,854) | (421,426) |
| 5. Hedging derivatives | - | - | - | - | - | - |
| 6. Financial assets | - | - | - | - | - | - |
| **Total** | **(1,041,826)** | **(436,871)** | **-** | **(1,008,624)** | **(2,487,321)** | **(1,518,112)** |
| *of which: interest expense on lease liabilities* | | | | *(70,770)* | | *(81,178)* |

The item is mainly composed of interest expense deriving from loans of securities.

# Section 7 - Dividends and similar income - Item 90

## *7.1 Breakdown of "Dividends and similar income"*

| | Total to 31 12 2021 | | Total to 31 12 2020 | |
|---|---|---|---|---|
| | Dividends | Similar income | Dividends | Similar income |
| 1. Financial assets held for trading | 5,994,382 | - | 2,970,899 | - |
| 2. Financial assets mandatorily measured at fair value | - | - | - | - |
| 3. Financial assets measured at fair value through other comprehensive income | - | - | - | - |
| 4. Equity investments | - | - | - | - |
| **Total** | **5,994,382** | **-** | **2,970,899** | **-** |

Dividends predominantly refer to the amounts received in 2021 related to securities in the proprietary portfolio.

# Section 8 - Net value adjustments for credit risk - Item 120

## *8.1 Breakdown of "Net value adjustments for credit risk related to financial assets measured at amortised cost"*

| Items/Adjustments | Impairments | | | | | | Reversals | | | Total to 31 12 2021 | Total to 31 12 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | | Purchased or originated credit-impaired loans | | Stages 1 and 2 | Stage 3 | Purchased or originated credit-impaired loans | | |
| | | | Write-offs | Other | Write-offs | Other | | | | | |
| 1. Debt securities | - | - | - | (74,445) | | | - | 99,036 | | 24,591 | (337,482) |
| 2. Loans | - | - | - | - | - | - | - | - | | - | - |
| **Total** | **-** | **-** | **-** | **(74,445)** | **-** | **-** | **-** | **99,036** | | **24,591** | **(337,482)** |

Impairment losses recognised during the year relate to impairments of loans to customers in the Corporate sector.

# Section 9 - Administrative expense - Item 140

## *9.1 Breakdown of "Personnel expense"*

| Type of expense / sector | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| **1. Employees** | | |
| a) wages and salaries | (15,870,186) | (15,488,906) |
| b) social security contributions | (2,392,966) | (2,388,914) |
| c) post-employment benefits | (502,826) | (475,019) |
| d) pension expense | - | - |
| e) accruals to provision for post-employment benefits | - | - |
| f) accruals to provision for pension fund and similar items | - | - |
| - to defined-contribution plans | - | - |
| - to defined-benefit plans | - | - |
| g) payments to complementary external pension funds | - | - |
| - to defined-contribution plans | - | - |
| - to defined-benefit plans | - | - |
| h) other expenses | (299,027) | (465,764) |
| **2. Other active personnel** | (1,885,764) | (52,150) |
| **3. Directors and statutory auditors** | (880,924) | (857,493) |
| **4. Personnel entering retirement** | - | - |
| **5. Recovery of expense for employees seconded to other companies** | - | - |
| **6. Reimbursement of expense for employees seconded to the company** | - | - |
| **Total** | **(21,831,693)** | **(19,728,246)** |

## *9.2 Average number of employees by category*

| | 2021 | 2020 |
|---|---|---|
| Executives | 16 | 17 |
| Managers | 56 | 56 |
| Other employees | 52 | 53 |
| **Total** | **124** | **126** |

The average number of employees is calculated as the weighted average number of employees where the weighting is given by the number of months worked in the year.

## 9.3 Breakdown of "Other administrative expenses"

| | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| Fees to external consultants | (561,395) | (681,477) |
| Expenses for listing on Euronext Growth Milan | (737,283) | - |
| Indirect taxes and duties | (120,725) | (81,602) |
| Rental of premises and associated expenses | (108,420) | (123,175) |
| Cleaning of premises | (45,002) | (45,000) |
| Energy costs | (95,700) | (60,548) |
| Telephone expenses | (48,873) | (49,775) |
| Insurance premiums | (42,018) | (54,895) |
| Office supplies | (47,750) | (32,295) |
| Subscriptions, books and magazines | (20,567) | (19,231) |
| Client entertainment expenses and gifts of over € 50 | (477,210) | (248,745) |
| Travel, hotel and restaurant | (47,839) | (30,511) |
| Advertising and publishing expenses | (3,815) | (8,784) |
| Contributions to trade associations | (238,505) | (197,930) |
| Furniture, plant and system maintenance | (111,571) | (111,962) |
| Information services | (2,270,698) | (2,455,507) |
| Expenses for access to the market | (3,494,260) | (3,606,477) |
| Other hardware and software expenses | (544,366) | (485,207) |
| Others | (122,661) | (49,537) |
| **Total** | **(9,138,658)** | **(8,342,658)** |

## Section 10 - Net accruals to provisions for risks and charges - Item 150

### *10.1 Breakdown of "Net accruals to provision for risks and charges"*

| | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| Accruals to provisions for risks | - | (100,000) |
| **Total** | - | (100,000) |

## Section 11 - Depreciation and net impairment losses on property and equipment - Item 160

### *11.1 Breakdown of "Depreciation and net impairment losses on property and equipment"*

| | Depreciation (a) | Impairment losses (b) | Reversals of impairment losses ( c ) | Net loss (a-b+c) | Net loss |
|---|---|---|---|---|---|
| | | | | 31/12/2021 | 31/12/2020 |
| 1 Used in operations | (263,712) | | | (263,712) | (209,615) |
| - Proprietary | (263,712) | - | - | (263,712) | (209,615) |
| - Right-of-use assets | | - | - | - | |
| 1 Used in operations | (711,976) | | | (711,976) | (711,976) |
| - Proprietary | - | - | - | - | |
| - Right-of-use assets | (711,976) | - | - | (711,976) | (711,976) |
| **Total** | **(975,688)** | **-** | **-** | **(975,688)** | **(921,591)** |

The value of property and equipment is depreciated to reflect its effective technical and economic deterioration.

No impairment of proprietary assets entered in the balance sheet has been necessary given the fact that no impairment indicators have been identified.

## Section 12 - Amortisation and net impairment losses on intangible assets - Item 170

### *12.1 Breakdown of "Amortisation and net impairment losses on intangible assets"*

| | Amortisation (a) | Impairment losses (b) | Reversals of impairment losses ( c ) | Net result (a-b+c) | Net result |
|---|---|---|---|---|---|
| | | | | 31/12/2021 | 31/12/2020 |
| 1. Goodwill | - | - | - | - | - |
| 2. Intangible assets | - | - | - | - | - |
| 2.1 Proprietary | (70,373) | - | - | (70,373) | (85,781) |
| Used in operations | (70,373) | - | - | (70,373) | (85,781) |
| Others | - | - | - | - | - |
| 2.2 Acquired through finance lease | - | - | - | - | - |
| **Total** | **(70,373)** | **-** | **-** | **(70,373)** | **(85,781)** |

The amount of intangible assets is amortised to reflect its effective technical and economic deterioration.

No impairment of proprietary assets entered in the balance sheet has been necessary given the fact that no impairment indicators have been identified pursuant to IAS 36.

# Section 13 - Other operating income and expense - Item 180

## *13.1 Breakdown of "Other operating income and expense"*

### OTHER INCOME

| Other income | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| Other revenues | 318,811 | 466,111 |
| **Total** | **318,811** | **466,111** |

### OTHER EXPENSE

| Other expense | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| Bank fees and charges | (316,307) | (325,694) |
| Other | (93,147) | (67,802) |
| **Total** | **(409,454)** | **(393,496)** |

## Section 14 - Profits (Losses) from Equity Investments - Item 200

### *14.1 Breakdown of profits (losses) from equity investments*

| | Total to 31 12 2021 | Total to 31 12 2020 |
|---|---|---|
| **1. Income** | - | 81,413 |
| 1.1 Revaluations | - | - |
| 1.2 Profits from disposals | - | - |
| 1.3 Reversals of impairment losses | - | - |
| 1.4 Other income | - | 81,413 |
| **2. Expenses** | - | - |
| 2.1 Impairments | - | - |
| 2.2 Losses from disposals | - | - |
| 2.3 Impairment losses | - | - |
| 2.4 Other expenses | - | - |
| **Net result** | **-** | **81,413** |

# Section 18 - Tax on income from continuing operations - Item 250

## 18.1 Breakdown of "Tax on income from continuing operations"

| | Total 31/12/2021 | | | Total 31/12/2020 | | |
|---|---|---|---|---|---|---|
| | IRES | IRAP | Others | IRES | IRAP | Others |
| 1. Current taxes (-) | (3,835,195) | (259,954) | - | (3,022,872) | (90,662) | - |
| 2. Changes in current taxes from previous years (+/-) | 341,830 | 53,694 | - | - | - | - |
| 3. Decrease in current taxes for the year (+) | - | - | - | - | - | - |
| 3. ii) Decrease in current taxes for the year | - | - | - | - | - | - |
| due to tax assets in accordance with law 214/2011 (+) | - | - | - | - | - | - |
| 4. Changes in deferred tax assets (+/-) | 700,428 | - | - | 40,592 | - | - |
| 5. Changes in deferred tax liabilities (+/-) | (86,672) | - | - | (97,073) | - | - |
| | **(2,879,609)** | **(206,260)** | **-** | **(3,079,353)** | **(90,662)** | **-** |
| **Income taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)** | **(3,085,869)** | | | **(3,170,015)** | | |

## 18.2 Reconciliation between theoretical and actual taxation

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| (A) Pre-tax profit (loss) from continuing operations | 8,733,388 | 9,053,902 |
| (B) Pre-tax profit (loss) from non-current assets held for sale | - | - |
| **(A+B) Pre-tax profit (loss)** | **8,733,388** | **9,053,902** |
| Current IRES tax rate (%) | 24.0% | 24.0% |
| **Theoretical taxation** | **(2,096,013)** | **(2,172,936)** |
| Regional business tax (IRAP) | - | - |
| Permanent differences | (1,385,380) | (997,079) |
| Impairment losses/reversals of impairment losses on deferred tax assets and previously unrecognised deferred tax assets | - | - |
| Change in current taxes for previous years | 395,524 | - |
| Other | - | - |
| **Income tax for the year** | **(3,085,869)** | **(3,170,015)** |
| of which: | | |
| Tax on income from continuing operations | (3,085,869) | (3,170,015) |
| Tax on income from non-current assets held for sale | - | - |

# Part D

## Further Information

# Section 1 - Details of operations

## *Proprietary trading*

### A.1 Proprietary trading

| | Transactions with group counterparties | Transactions with other counterparties |
|---|---|---|
| **A - Acquisitions in the year** | | |
| A1. Debt securities | - | - |
| A2. Equity securities | - | 3,031,905 |
| A3. Stakes in UCITs | - | 69,128 |
| A4. Derivative instruments | | |
| - financial derivatives | - | 1,786,057,705 |
| - credit derivatives | - | - |
| **B - Sales in the year** | | |
| B1. Debt securities | - | - |
| B2. Equity securities | - | 3,035,290 |
| B3. Stakes in UCITs | - | 69,492 |
| B4. Derivative instruments | | |
| - financial derivatives | - | 1,706,862,400 |
| - credit derivatives | - | - |

## *B. Execution of customer orders*

### B.1 Execution of customer orders

| | Transactions with group counterparties | Transactions with other counterparties |
|---|---|---|
| **A - Acquisitions in the year** | | |
| A1. Debt securities | - | 3,998,825,717 |
| A2. Equity securities | - | 10,295,549,486 |
| A3. Stakes in UCITs | - | 3,715,948,911 |
| A4. Derivative instruments | | |
| - financial derivatives | - | 1,314,376,131 |
| - credit derivatives | - | - |
| **B - Sales in the year** | | |
| B1. Debt securities | - | 4,107,554,509 |
| B2. Equity securities | - | 9,157,912,428 |
| B3. Stakes in UCITs | - | 3,120,621,476 |
| B4. Derivative instruments | | |
| - financial derivatives | - | 862,209,926 |
| - credit derivatives | - | - |

## *C. Portfolio management*

### C.1 Overall value of portfolio management

| | Total as at 31/12/2021 | | Total as at 31/12/2020 | |
|---|---|---|---|---|
| | Proprietary | For third parties | Proprietary | For third parties |
| 1. Debt securities | - | 11,116,349 | - | 10,650,169 |
| of which government securities | - | *845,040* | - | *3,587,010* |
| 2. Equity securities | - | 72,645,829 | - | 30,662,193 |
| 3. Stakes in UCITs | - | - | - | - |
| 4. Derivative instruments | - | - | - | - |
| - financial derivatives | - | 27,230 | - | - |
| - credit derivatives | - | - | - | - |
| 5. Other assets | - | - | - | - |
| 6. Liabilities | - | - | - | - |
| **Total for managed portfolios** | **-** | **83,762,178** | **-** | **41,312,362** |

### C.2 Proprietary and third-party portfolio management: activity during the year

| | Proprietary management | Transactions with the parent |
|---|---|---|
| **A. Proprietary management** | | |
| A.1 Acquisitions in the year | - | - |
| A.2 Sales in the year | - | - |
| **B. Management for third parties** | | |
| B.1 Acquisitions in the year | 426,555,081 | - |
| B.2 Sales in the year | 385,476,030 | - |

### C.3 Proprietary management: net inflows and number of contracts

| | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| Inflows in the year | - | - |
| Outflows in the year | - | - |
| Number of contracts | - | - |

## D. Placements

### D.1 Placements with or without guarantee

| Countervalue | Total to 31/12/2021 | Total to 31/12/2020 |
|---|---|---|
| **1. Securities placed with guarantee** | | |
| 1.1 Structured securities | | |
| - for transactions carried out by group companies | - | - |
| - for other transactions | - | - |
| 1.2 Other securities | | |
| - for transactions carried out by group companies | - | - |
| - for other transactions | 97,020,001 | - |
| **Total securities placed with guarantee (A)** | **97,020,001** | **-** |
| **2. Securities placed without guarantee** | | |
| 2.1 Structured securities | | |
| - for transactions carried out by group companies | - | - |
| - for other transactions | - | - |
| 2.2 Other securities | | |
| - for transactions carried out by group companies | - | - |
| - for other transactions | 53,392,409 | - |
| **Total securities placed without guarantee (B)** | **53,392,409** | **-** |
| **Total securities placed (A+B)** | **150,412,410** | **-** |

## E. Receipt and transmission of orders

### E.1 Receipt and transmission of orders

| Countervalue | Transactions with group counterparties | Transactions with other counterparties |
|---|---|---|
| **A - Purchase orders brokered during the year** | | |
| A1. Debt securities | - | 1,195,126 |
| A2. Equity securities | - | 24,829,749 |
| A3. Stakes in UCITs | - | - |
| A4. Derivative instruments | - | - |
| - financial derivatives | - | - |
| - credit derivatives | - | - |
| A5. Other | - | - |
| **B - Sale orders brokered during the year** | | |
| B1. Debt securities | - | 2,218,749 |
| B2. Equity securities | - | 26,815,635 |
| B3. Stakes in UCITs | - | - |
| B4. Derivative instruments | - | - |
| - financial derivatives | - | - |
| - credit derivatives | - | - |
| B5. Other | - | - |

As was the case in the preceding financial year, no trading took place with group counterparties in 2021.

## F. Consultancy activities

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Corporate consultancy | 4,537,681 | 6,838,892 |
| Online institutional financial analysis and reports | 1,031,835 | 1,019,525 |
| Online retail financial analysis and reports | 240,703 | 284,517 |
| Instrumental consultancy | 1,925,268 | 2,292,728 |
| Management and other consultancy | 1,781,490 | 1,260,133 |
| **Total** | **9,516,977** | **11,695,795** |

## H. Custody and administration of financial instruments

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| **- Third-party securities with third parties** | 316,967,261 | 191,737,059 |
| **- Proprietary portfolio securities with third parties** | 21,757,004 | 80,705,548 |
| - of which | | |
| government securities | - | 3,772,851 |
| bonds | 8,930,320 | 4,978,367 |
| shares and stakes | 12,645,015 | 71,212,959 |
| others | 181,669 | 741,371 |

## L. Commitments

The company has no commitments.

## Section 2 – Information on risks and related hedging policies

### Introduction

The company has a risk management function that applies second-degree checks on business operations and an internal auditing function that applies third-degree checks. These functions operate independently of one another and report to the company's Board of Directors. The statutory auditors examine their work on at least a quarterly basis.

Intermonte, given its status as a cooperative-style company where the managers themselves are the leading shareholders has a culture of limited risk.

As a brokerage firm, the main types of risks it encounters are position risk from its trading portfolio and credit/counterpart risk

Position risk arises from the fact that the company, through its subsidiary Intermonte SIM, manages part of its equity capital on its own behalf, and has been a market maker on IDEM since 2013. This has brought about increased risk in derivative positions and a moderate increase in the overall risk inherent in the trading portfolio.

Credit and counterpart risk, on the other hand, derives from Intermonte SIM's core business of brokerage on Italian financial markets, chiefly the equity market (MTA), and the activity of trading on its own account in OTC derivatives with some of its customers.

The Risk Management function monitors on a daily basis the risk situation of the trading portfolio and of credit lines granted to customers and counterparts with whom Intermonte works. Any situation where established risk limits have been breached is promptly reported to the company's Executive Committee, which has decision-making powers in this area. The Committee is comprised of the key members of Intermonte SIM's Board of Directors. Appropriate internal procedures have been set up to outline the risk limits in force and the specific powers assigned to the Committee.

## 2.1 Market risk

### 2.1.1 Interest rate risk

*Qualitative information*

**1. General aspects**

Under the general heading of market risk, we define interest rate risk as the risk of incurring losses due to adverse changes in interest rates.

The Intermonte Group's exposure to such risk relates entirely to the bond and equity derivatives components in the proprietary portfolio.

Most of the bonds in the portfolio are government debt securities (mainly deposited with the clearing house) and corporate debt securities (senior or subordinate), that are not hedged for interest rate risk.

The derivative component is largely made up of options on individual stocks, with maturity of up to 5 years, for which interest rate risk is hedged through futures on government securities. Management of this risk is simplified somewhat by the absence of interest rate derivatives and volatility derivatives (such as caps, floors, swaptions, etc.) from the portfolio.

In order to finance operations in the proprietary and trading portfolios, Intermonte SIM uses both its own funds and third-party capital, turning to bank lending via its current account and the security lending market.

Financing operations using liquidity from such instruments are always short-term (on average 2 weeks for sale and repurchase agreements and 1 month for securities lending) and at a variable rate.

## *Quantitative information*

### 1. Trading portfolio: distribution by residual maturity (date of repricing) of financial assets and liabilities

| Type | On demand | Up to 3 months | From over 3 months to 6 months | From over 6 months to 1 year | From over 1 year to 5 years | From over 5 years to 10 years | Over 10 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|
| **1. Assets** | | | | | | | | |
| 1.1 Debt securities | | 1,903,529 | 11,790 | 581,015 | 4,626,546 | 111,720 | 1,615,902 | |
| 1.2 Others | | | 96,582,486 | | | | | |
| **2. Liabilities** | | | | | | | | |
| 2.1 Due to banks, other financial backers and customers | | | | | | | | |
| 2.2 Debt securities | | | | | | | | |
| 2.3 Other liabilities | | | 15,263,067 | | | | | |
| **3. Financial derivatives** | | | | | | | | |
| 3.1 With underlying variable | | | | | | | | |
| - Options | | | | | | | | |
| Long position | | 25,251,518 | 112,655,007 | 28,956,100 | 50,610,449 | 560 | | |
| Short position | | 39,654,103 | 167,174,514 | 9,342,640 | 1,302,377 | | | |
| - Others | | | | | | | | |
| Long position | | 7,773,969 | 10,105,820 | | 10,285,520 | | | |
| Short position | | 2,085,520 | 18,059,489 | 2,984,050 | 5,036,250 | | | |
| 3.2 Without underlying variable | | | | | | | | |
| - Options | | | | | | | | |
| Long position | 87,948,251 | 12,886,031 | 67,394,232 | 87,499,498 | 59,257,272 | | | |
| Short position | 227,037,033 | 35,807,026 | 40,543,768 | 9,122,317 | 2,475,141 | | | |
| - Others | | | | | | | | |
| Long position | 140,241,270 | 171,550,185 | 2,000,000 | 13,242,633 | 38,699,000 | 800,000 | | |
| Short position | 12,491,818 | 222,391,289 | 5,549,981 | 2,000,000 | 123,100,000 | 1,000,000 | | |

### 2. Investment portfolio: distribution by residual maturity (date of repricing) of financial assets and liabilities

| Item/residual duration | On demand | Up to 3 months | From over 3 months to 6 months | From over 6 months to 1 year | From over 1 year to 5 years | From over 5 years to 10 years | Over 10 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|
| **1. Assets** | | | | | | | | |
| 1.1 Debt securities | | | | | | | | |
| 1.2 Other assets | 180,740,955 | | | | | | | |
| **2. Liabilities** | | | | | | | | |
| 2.1 Due to banks, other financial backers and customers | 148,169,853 | | | | | | | |
| 2.2 Debt securities | | | | | | | | |
| 2.3 Other liabilities | | | | | | | | |
| **3. Derivatives** | | | | | | | | |
| 3.1 Long positions | | | | | | | | |
| 3.2 Short positions | | | | | | | | |

#### 3. Models and other methods used to measure and manage interest rate risk

Management of interest rate risk for the SIM is governed by a dedicated internal process entitled "Portfolio Risk Management" approved by the Board of Directors. This process establishes the methodology to follow and limits to be observed in relation to all market risks related to investment activity on the company's own behalf.

The main analysis of interest rate risk is carried out through the use of indicators from the composition of the portfolio (limits on ratings, on types of corporate and/or government bonds, on subordinate debt, on overall net and gross bond exposure, on cash absorption and on duration), and through monitoring of the maximum potential loss of portfolios (Value at Risk - VAR). In order to measure VAR, which is calculated on a one-day time horizon based on a 99% confidence level, the risk manager uses external software provided by Bloomberg by means of the <PORT> function.

The Risk Management function monitors compliance with the established limits and reports to the Executive Committee on a daily basis. Any cases of the limits being exceeded are reported at the next meeting of the Board of Directors.

## 2.1.2 Price risk

### *Qualitative information*

#### 1. General aspects

Under the general heading of market risk, we define price risk as the risk of incurring losses due to adverse changes and volatility in equity markets.

The Intermonte group's exposure to price risk is entirely connected to the regulated trading portfolio. As noted previously, the absence of derivative instruments within the portfolio greatly simplifies identification and monitoring of price risk. Exposure to individual stocks or equity indices embedded in derivatives are always delta-hedged.

The company mainly invests in:

- Equities listed on Borsa Italiana markets
- Futures on indices and single stocks listed with Borsa Italiana
- Options on indices and single stocks listed with Borsa Italiana
- Warrants and covered warrants on stocks and indices listed with Borsa Italiana
- Listed rights

- Convertible bonds
- Dividend futures listed on Borsa Italiana
- Futures on the main European and global stock market indices.

Nevertheless, the company may also invest in instruments other than those outlined above.

## *Quantitative information*

### 1. Equity securities and UCITs

| | Trading portfolio | | | Other | | |
|---|---|---|---|---|---|---|
| | Carrying amount | | | Carrying amount | | |
| **Equity securities/ UCITs** | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| **1. Equity securities** | **91,873,369** | | **108,719** | | | |
| **2. UCITs** | **375,231** | | | | | |
| 2.1 Italian | 375,231 | | | | | |
| - open harmonised | | | | | | |
| - open non-harmonised | | | | | | |
| - closed | 375,231 | | | | | |
| - reserved | | | | | | |
| - speculative | | | | | | |
| 2.2 other EU countries | | | | | | |
| - harmonised | | | | | | |
| - open non-harmonised | | | | | | |
| - closed non-harmonised | | | | | | |
| 2.3 non-EU countries | | | | | | |
| - open | | | | | | |
| - closed | | | | | | |
| **Total** | **92,248,600** | | **108,719** | | | |

### 2. Models and other methods used to analyse price risk

Price risk is managed by the same internal process employed for the management of interest rate risk ("Portfolio Risk Management").

The VAR is calculated separately on the proprietary equity portfolio and on the bond portfolio, as well as being calculated on Intermonte SIM's overall proprietary portfolio and on the individual portfolios of Intermonte Partners SIM. The VAR represents the maximum potential loss over a pre-determined time horizon based on a precise confidence level. Intermonte uses a VAR based on a 99% confidence level and a 1-day time horizon. This is calculated and issued daily by the Risk Management function using the average of the two

methodologies available on Bloomberg: the "Montecarlo" and "Historical" methods. Checks carried out by the Risk Management function demonstrate that the method used provides a conservative result.

| | VaR (1D) - 2021 | | |
|---|---|---|---|
| **Portfolio** | **Average** | **Min** | **Max** |
| DIR.TRAD.COMMOD. G&M | 49,075 | 28,431 | 131,454 |
| **DIR.TRAD.COMMOD. G&M TOTAL** | **49,075** | **28,431** | **131,454** |

| | VaR (1D) - 2021 | | |
|---|---|---|---|
| **Portfolio** | **Average** | **Min** | **Max** |
| Dir. Trad. Fixed Income | 83,260 | 33,380 | 174,462 |
| M.M.C.D. Algo Equity | 79,388 | 20,788 | 173,570 |
| M.M.C.D. Derivatives | 914,959 | 317,629 | 1,264,259 |
| **INTERMONTE TOTAL** | **898,260** | **305,961** | **1,562,598** |

In addition to the overall risk, the risk relating to each individual security (or where possible each underlying variable) is also analysed. The daily report issued by the risk manager includes indicators and checks with limits for net and gross equity exposure, for the present value of convertible bonds, for absorption of liquidity and risk measures (cash gamma 1% vega and rho) for the portfolio and for the component parts.

The risk management function monitors compliance with limits daily, communicating the current position to the Executive Committee on an ongoing basis. At any given moment any member of the Executive Committee may call a meeting of the committee should it be deemed necessary.

The definition and attribution of limits to proprietary investments is the responsibility of the Board of Directors. If second level limits are exceeded it is immediately flagged to the Executive Committee, which must make a decision on the position, even on a temporary basis, and where necessary, a meeting of the committee must be called. A report must also be provided to the next scheduled meeting of the Board of Directors.

## 2.1.3 Currency risk

### *Qualitative information*

#### 1. General aspects

The group's exposure to currency risk is limited, and mainly derives from Intermonte SIM's activities as a broker in regulated foreign markets, and therefore to the minimum levels of liquidity in foreign currencies that Intermonte SIM must hold in its current accounts. There is

a secondary risk from the activity of the proprietary portfolio, which may invest in instruments (bonds and equity) denominated in currencies other than the euro, although these will always be hedged through future contracts on currencies. These activities generate commissions in foreign currencies that are deposited into the company's accounts in settlement houses.

All Intermonte SIM's positions in foreign currencies are concentrated in the Treasury portfolio, which manages currency risk for all transactions, whether proprietary or on behalf of third parties.

Using online banking instruments, in concert with internal accounting policies, the Treasury continuously monitors the balance of the various foreign currency accounts.

Frequent recourse to foreign exchange transactions (spot transactions, forwards and swaps) to convert these amounts into euros certainly provides adequate mitigation of currency risk. Intermonte Partners SIM's positions in foreign currency are only made up of a small current account.

### *Quantitative information*

#### 1. Distribution of financial assets and liabilities by currency

| | Currency | | | | | |
|---|---|---|---|---|---|---|
| | US dollar | GB pound | Japanese yen | Canadian dollar | Swiss franc | Other |
| **1. Financial assets** | | | | | | |
| 1.1 Debt securities | | | | | | |
| 1.2 Equity securities | | | | | | |
| 1.3 Other financial assets | | | | | | |
| **2. Other assets** | **1,132,651** | **1,392,849** | **101,291** | **141,782** | **5,498,955** | **983,700** |
| **3. Liabilities** | **5,018** | **42** | | | **4,937,948** | |
| 3.1 Due to banks, other financial backers and customers | 5,018 | 42 | | | 4,937,948 | |
| 3.2 Debt securities | | | | | | |
| 3.3 Subordinate liabilities | | | | | | |
| 3.4 Other financial liabilities | | | | | | |
| **4. Other liabilities** | | | | | | |
| **5. Financial derivatives** | | | | | | |
| - Options | | | | | | |
| Long positions | | | | | | |
| Short positions | | | | | | |
| - Others | | | | | | |
| Long positions | | | | | | |
| Short positions | | | | | | |
| **Total assets** | **1,132,651** | **1,392,849** | **101,291** | **141,782** | **5,498,955** | **983,700** |
| **Total liabilities** | **5,018** | **42** | | | **4,937,948** | |
| **Difference (+/–)** | **1,127,633** | **1,392,807** | **101,291** | **141,782** | **561,007** | **983,700** |

### 2.1.4 Derivative transactions

The Intermonte Group uses derivative instruments either as part of directional investment strategies or in order to hedge positions, both on its own behalf and for its customers.

During the year, the trading of subsidiary Intermonte SIM on the IDEM market on behalf of third parties accounted for 0.001% of all futures traded (16th place), 0.01% of index mini-futures, 0.42% of index options (13th place), 1.13% of isoalfa options (11th place), and 0.001% of stock futures (12th place).

On a proprietary basis, during 2021 Intermonte SIM traded c.0.32% of futures (7th place), 0.001% of index mini-futures (8th place), 3.98% of all index options traded (3rd place), 3.79% of isoalfa options (6th place), and 14.94% of stock futures (1st place).

The rankings are based on the number of derivative contracts traded by members of Assosim.

Since March 2013, the company's equity derivatives desk has also fulfilled the role of market maker. As at 31st December 2021, the desk was market maker for 50 Italian stocks (leading companies on the FTSEMIB index among others) and on the FTSEMIB index itself. The desk's trading in derivatives is always correlated with underlying cash positions (delta hedging), and consequently position risks associated with derivative instruments are always kept at moderate levels. Risk measures, and gamma, vega and rho risk in particular, are monitored by the risk management function on a daily basis

The parent company Intermonte Partners SIM started trading in derivatives in March 2014. Specifically, this involves arbitrage (spreads on different maturities) on listed financial instruments such as futures on $CO_2$ emissions certificates. Interest rate risk is hedged through listed futures on Euribor 3M interest rates, while position risk is hedged by holding units in $CO_2$ units (so-called EUA units) in the portfolio (a hedged position).

## 2.2 Operating risks

*Qualitative information*

**1. General aspects**

With Regulation (EU) 2019/2033 (IFR) coming into force on 30.06.2021, replacing the previous CRR on matters of prudential supervision for investment firm groups, operating risk is no longer calculated in proportion to total banking income, but rather is subdivided into individual requirements, known as "*k-factors*" specific to each MiFID service offered by the group's investment firms. Intermonte has also developed an internal model for the

management of such risks. The Company's approach is designed to unite all key sources of information and loss data to make both quantitative and qualitative assessments.

The quantitative component entails collecting, analysing and configuring statistical models of historical data on losses.

The qualitative component, on the other hand, is focused on the evaluation of the risk profile in each of the Company's areas of operation (Self Risk Assessment). Here, the company acts in various areas: identifying the processes and risks that need to be assessed; assessment of these risks by the process owners; outlining possible plans to mitigate those risks, as well as areas for improvement; agreeing priorities and the technical and financial feasibility of possible manoeuvres to alleviate risks with central functions. This is all backed up by macro analysis that utilises stress testing ("what-if" scenarios) and Monte Carlo simulations of risk probability.

One or more company representatives are then assigned to each individual risk assessment area. Middle and top management are also involved in the qualitative risk profile evaluation and in outlining mitigation strategies.

The risk management function is responsible for coordinating this process.

### *Quantitative information*

Regarding Risk-To-Client K-factors, as at 31st December 2021, the group allocated Eu25,509 in capital against Assets under Management (AuM), Eu107,007 against Client Money Held (CMH), Eu125,553 against Assets Safeguarded and Administered (ASA) and Eu90,504 against Client Orders Handled (COH).

Regarding Risk-To-Firm K-factors, as at 31st December 2021, the group allocated Eu62,707 in capital against Daily Trading Flow (DTF), i.e. against trading on own account (cash and derivatives).

It is worth noting that the new Investment Firm Regulation (IFR) has enabled very significant savings in terms of capital held against operational risks compared to the previous regulation (capital allocated against operational risk as at 31st December 2020 amounted to Eu5,646,142, whereas under the internally-developed model the provision comes to Eu4,326,473).

## 2.3 Credit risk

*Qualitative information*

**1. General aspects**

Given that it operates predominantly as a broker on the equity market, and its core business does not include the issue of credit, Intermonte SIM is not subject to the "traditional credit risk" typical of banks.

Intermonte SIM functions as a direct intermediary on regulated securities markets in Italy and operates on the main equity markets abroad through other brokers. The assets in the company's proprietary portfolio range from bonds and common stock to derivatives of indices, stocks, interest rates, exchange rates and commodities, both listed and over the counter. Liquidity is also managed by the Treasury, which makes use of monetary instruments such as time deposits, credit lines and repurchase agreements.

Intermonte's credit and counterparty risk is therefore essentially limited to existing financing with other institutional counterparties, settlement risk (typically for two days) in trading on behalf of third parties, related to OTC derivative contracts, transactions on listed derivative markets (for which a daily margins payment to the clearing house is required, a requirement that the customer may have difficulty fulfilling), and transactions involving the borrowing and lending of securities.

The company has adopted an internal procedure ("Taking on Counterparty and Credit Risk") which describes the process for entering into business with a new counterparty/customer and for evaluating the credit exposure towards each counterparty.

Due to the entry into force of the new IFR on 30th June 2021, such items are no longer considered in the calculation of credit risk, a risk from which investment firms are exempt. In point of fact, active current accounts come under 'cash' on the statement of financial position, and are therefore equivalent to zero-risk items for Intermonte SIM.

Intermonte Partners SIM is only marginally exposed to counterparty risk, as it operates almost exclusively on listed derivatives and its exposure is therefore almost entirely to CCPs.

*Quantitative information*

### 1. Major risks

During 2021 the Group only recorded a small number of significant positions that could potentially be considered to constitute a “major risk” (i.e. above 10% of own CET1).

The main exposure has always been to the clearing house, and is comprised of margins and default funds deposited in order for the company to invest on its own behalf and on behalf of its customers.

Other significant positions have been opened up on occasion with Banca Monte Paschi di Siena, BNP Paribas, UCG, Fondazione Carilucca or Wiit Fin, largely relating to the company’s excess liquidity being deposited in current accounts or exposure deriving from OTC derivatives.

As a consequence of the entry into force of the new IFR, investment firms are no longer required to indicate their large exposures but merely to indicate those exposures for which additional capital coverage must be held due to concentration risk.

It is also worth noting that in the new IFR only trading portfolio transactions are counted for exposure purposes; exposures deriving from the fixed asset portfolio (bank current accounts, other equity stakes, etc.) are exempt.

Over and above the verifications conducted according to regulatory criteria, the Risk Manager also checks, on a daily basis, the concentration of exposure to issuers in the proprietary portfolio and significant exposure to its own counterparties/customers.

This exposure is calculated using prudent methodology and reported to the Executive Committee on a daily basis.

### 2. Classification of exposure based on internal and external ratings

Intermonte uses external credit rating agency S&P to assign ratings to its counterparts. In terms of On-statement of financial position exposures, it is worth noting the €68 million exposure to the clearing house in Class 1m and €25 million towards leading Italian and foreign banks.

The remaining exposures are to parties without a credit rating for €11 million (primarily regulated brokers, asset management companies, investment funds, or other companies.

Amongst the Unrated exposures in derivatives, it is worth noting the exposure to two clients of the subsidiary in OTC derivatives.

| Exposure | External rating class | | | | | | No rating | Total |
|---|---|---|---|---|---|---|---|---|
| | Class 1 | Class 2 | Class 3 | Class 4 | Class 5 | Class 6 | | |
| **1. Financial assets measured at amortised cost** | 68,861,569 | 25,155,330 | 1,528 | 71,079 | 2,805,869 | - | 11,553,839 | **108,449,214** |
| - Stage 1 | 68,861,569 | 25,155,330 | 1,528 | 71,079 | 2,805,869 | | 11,553,839 | 108,449,214 |
| - Stage 2 | | | | | | | | |
| - Stage 3 | | | | | | | | |
| - Purchased or originated credit-impaired loans | | | | | | | | |
| **2. Financial assets measured at fair value through profit or loss** | | | | | | | | |
| - Stage 1 | | | | | | | | |
| - Stage 2 | | | | | | | | |
| - Stage 3 | | | | | | | | |
| - Purchased or originated credit-impaired loans | | | | | | | | |
| **3. Financial assets held for sale** | | | | | | | | |
| - Stage 1 | | | | | | | | |
| - Stage 2 | | | | | | | | |
| - Stage 3 | | | | | | | | |
| - Purchased or originated credit-impaired loans | | | | | | | | |
| **Total financial assets** | | | | | | | | |
| **4. Commitments to disburse funds and financial guarantees issued** | | | | | | | | |
| - Stage 1 | | | | | | | | |
| - Stage 2 | | | | | | | | |
| - Stage 3 | | | | | | | | |
| - Purchased or originated credit-impaired loans | | | | | | | | |
| **5. Others** | | 26,968 | 23,150,918 | 1,933,397 | | | 7,704,264 | **32,815,546** |
| **Total commitments to disburse funds and financial guarantees issued** | | | | | | | | |
| **Total** | **68,861,569** | **25,182,298** | **23,152,446** | **2,004,476** | **2,805,869** | **-** | **19,258,103** | **141,264,760** |

## 3. Models and other methods used to measure and manage credit risk

With regard to counterparty risk, for all trading conducted on the MTA – the company's core business – "market side" counterparty risk is covered by the Central Counterparty. Therefore, the company's actual exposure to counterparty risk is limited to that which arises from the "client side", from over-the-counter transactions and from all bond market transactions.

The company has an initial risk monitoring system in place. Credit granted to each customer and each counterparty on the market is verified by a real time procedure to ensure that the customer or counterparty is within its credit limits.

A second risk audit procedure is completed by the company's risk management function, which uses a specific application to measure the risk of each individual counterpart retrospectively. The function has adopted a similar calculation methodology to the one established by the Italian Stock Exchange's clearing house (CC&G) to determine initial margin requirements and variation margins to be applied to each customer as a further objective

factor in counterpart risk assessment. Details of the methodology used are summarised within the "Taking on Counterparty and Credit Risk" procedure.

Transactions such as securities lending and repurchase agreements are also subject to this kind of risk; the method used to calculate associated risks is analogous to the method used for securities trading.

## 2.4 Liquidity risk

### *Qualitative information*

#### GENERAL ASPECTS, OPERATIONAL PROCESSES AND MODELS USED FOR MEASUREMENT

Liquidity risk is defined as the risk of being unable to meet payment commitments, either due to an inability to gather resources on the market (funding liquidity risk) or difficulty in mobilising assets without suffering huge capital losses (market liquidity risk). Given the group's primary area of activity is in stock brokerage, the group's main daily inflows and outflows of liquidity are exclusively related to the margins that it must pay to the clearing house to cover the transactions of its clients and its investment portfolio. The company's current liquidity position is monitored through daily reports produced by various departments (treasury, risk management function, Executive Committee). The risk management function uses statistical analysis to forecast and monitor the days in which there is the possibility of high outflows of liquidity (e.g. post-expiry value dates). With an eye on more effective management of liquidity risk through initiatives aimed at mitigation and prevention, the company has also procured various lines of credit from leading banks in order to be in a position to meet the operational liquidity demands of its brokerage and trading activities. While it has an agreement with MPS Group that allows it to retain credit lines with the group that are more than adequate (€175 million overall), Intermonte SIM has also diversified its funding sources in order to mitigate liquidity risk, obtaining lines of financing amounting to around €25 million from other Italian banks, and over €75 million in the name of the holding company, highlighting the group's strong creditworthiness. During 2021 the SIM has not requested more than €65 million of funds from third parties in its current account.

The risk management function calculates High Quality Liquidity Assets (HQLA) on a daily basis, verifying compliance with the capital requirements under IFR.

The parent company's liquidity risk is extremely limited, given the lack of movement in its assets.

The Risk Management function monitors financial flows and the company's liquidity on a daily basis.

During 2021 there were no instances of insufficient liquidity to meet payment commitments, the company's capital has provided adequate liquidity to guarantee the company's ongoing operations.

## *Quantitative information*

### 1. Distribution of financial assets and liabilities by residual contractual maturity – all amounts in euro

| Type/Timescale | On demand | From over 1 day to 7 days | From over 7 days to 15 days | From over 15 days to 1 month | From over 1 month to 3 months | From over 3 months to 6 months | From over 6 months to 1 year | From over 1 year to 3 years | From over 3 years to 5 years | Over 5 years | Unspecified maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **On-statement of financial position assets** | | | | | | | | | | | |
| A.1 Government securities | | | | | 1,200,550 | | | 8,000 | | | |
| A.2 Other debt securities | | | | | 718,464 | 32,944 | 647,050 | 585,582 | 800,000 | 4,964,786 | |
| A.3 Loans | 108,449,214 | 3,562,918 | 5,747,575 | 7,416,116 | 2,253,853 | | | | | | 2,080,279 |
| A.4 Other assets | 51,606,231 | | | | | | | | | | 96,207,255 |
| **On-statement of financial position liabilities** | | | | | | | | | | | |
| B.1 Due to: | | | | | | | | | | | |
| - Banks | 62,325,023 | 26,375,871 | 13,231,335 | 7,166,355 | 1,629,886 | | | | | | 26,913,341 |
| - Other financial backers | 5,702,672 | | | | | | | | | | |
| - Customers | 4,825,369 | | | | | | | | | | |
| B.2 Debt securities | | | | | | | | | | | |
| B.3 Other liabilities | | | | | | | | | | | 15,263,067 |
| **Off-statement of financial position transactions** | | | | | | | | | | | |
| C.1 Financial derivatives with exchange of capital: | | | | | | | | | | | |
| Long positions | | | | 16,293,124 | 210,685,844 | 38,857,580 | 28,956,100 | 54,823,489 | 6,072,480 | 1,371,520 | 83,903,248 |
| Short positions | | | | 28,476,976 | 112,295,017 | 23,498,308 | 12,326,690 | 83,488,716 | 17,670,261 | 1,470,100 | 161,737,316 |
| C.2 Financial derivatives without exchange of capital | | | | | | | | | | | |
| Positive differentials | 3,805,781 | | | | | | | | | | |
| Negative differentials | 52,074,944 | | | | | | | | | | |
| C.3 Financing to be received | | | | | | | | | | | |
| Long positions | | | | | | | | | | | |
| Short positions | | | | | | | | | | | |

# Section 3 – Disclosure on equity

## 3.1 Equity

### *3.1.1 Qualitative information*

As at year-end, the company's capital was mainly composed of reserves, as was the case for the preceding year. In particular, the most substantial item was payments into the capital account by shareholders, amounting to Eu12.8mn. The capital is also composed of fully paid-up and subscribed share capital for Eu3.29mn and profit reserves for Eu33mn. Company capital is sufficient to comply with the limits laid down by European prudential supervision and is in line with the operational requirements of individual companies and the group (in particular those of subsidiary Intermonte SIM). During 2021 the subsidiary Intermonte SIM issued a subordinated bond loan with a nominal value of Eu5mn.

### *3.1.2 Quantitative information*

#### *3.1.2.1 Breakdown of equity*

| | Financial year 2021 | Financial year 2020 |
|---|---|---|
| 1. Share capital | 3,290,500 | 3,290,500 |
| 2. Share premium reserve | 0 | 0 |
| 3. Reserves | 51,188,417 | 60,312,333 |
| - earnings | 38,322,322 | 47,446,238 |
| a) legal | | |
| b) statutory | | |
| c) treasury shares | | |
| d) others | | |
| - others | 12,866,095 | 12,866,095 |
| 4. (Treasury shares) | (7,909,950) | (1,392,192) |
| 5. Revaluation reserves | | |
| - Available-for-sale financial assets | | |
| - Property and equipment | | |
| - Intangible fixed assets | | |
| - Hedges of investments in foreign operations | | |
| - Cash flow hedges | | |
| - Exchange rate differences | | |
| - Non-current assets held for sale and disposal groups | | |
| - Specific legislation on revaluation | | |
| - Actuarial profit/ loss on defined-benefit pension plans | | |
| - Share of fair value reserves of equity-accounted investees | | |
| 6. Equity instruments | 0 | 0 |
| 7. Profit (Loss) for the financial year | 7,196,024 | 7,752,586 |
| **Total** | **53,764,991** | **69,963,227** |

## 3.2 Own funds and supervisory ratios

## 3.2.1 Own funds

### *3.2.1.1 Qualitative information*

The Intermonte Group holds €5 million of its own financial instruments calculated as Additional Tier 1 (AT1) capital (valued at €4,924,315 million as at 31st December 2021, net of accruals), but does not include financial instruments calculated as Tier 2 (T2) capital.

The positive items in the CET1 are the share capital, the share premium and the reserves. The negative items to be subtracted are treasury shares, intangible assets, supervisory adjustments and deferred tax assets relating to future profitability

### *3.2.1.2 Quantitative information*

| | Total as at 31.12.2021 | Total as at 31.12.2020 |
|---|---|---|
| **A. Common Equity Tier 1 Capital (CET1) before prudential filters** | **48,716,805** | **71,831,995** |
| of which CET1 subject to grandfathering period | | |
| **B. CET1 prudential filters (+/-)** | | |
| **C. CET1 capital gross of items to be deducted and impact of grandfathering period (A +/- B)** | **48,716,805** | **71,831,995** |
| **D. Items to be deducted from CET1** | **1,593,871** | **313,777** |
| **E. Grandfathering period - impact on CET1 (+/-)** | | |
| **F. Total Common Equity Tier 1 Capital (CET1) (C - D +/- E)** | **47,122,935** | **71,518,218** |
| **G. Additional Tier 1 Capital ( AT1) gross of items to be deducted and impact of grandfathering period** | **4,924,315** | - |
| of which AT1 instruments subject to grandfathering period | - | - |
| **H. Items to be deducted from AT1** | - | - |
| **I. Grandfathering period - impact on AT1 (+/-)** | | |
| **L. Total Additional Tier 1 Capital (AT1) (G - H +/- I)** | **4,924,315** | - |
| **M. Tier 2 Capital (T2) gross of items to be deducted and impact of grandfathering period** | - | - |
| of which T2 instruments subject to grandfathering period | - | - |
| **N. Items to be deducted from T2** | - | - |
| **O. Grandfathering period - impact on T2 (+/-)** | | |
| **P. Total Tier 2 Capital (T2) (M - N +/- O)** | - | - |
| **Q. Total Capital (F+L+P)** | **52,047,250** | **71,518,218** |

### 3.2.2 Capital adequacy

#### 3.2.2.1 Qualitative information

With the aim of constantly complying with the capital ratios established by the Regulatory Authorities, company procedures stipulate daily checks on capital absorption for each type of risk. The Intermonte Group's own funds are more than adequate for the type of business it operates.

As at 31st December 2021, the market risk item was made up of the regulatory capital required for the coverage of generic and specific risk from debt securities, generic and specific risk from equity securities and additional risk measures on options, goods and finally currency risk. Counterparty risk is predominantly determined by security lending transactions and OTC derivative transactions with Intermonte SIM clients. Operating risk is calculated using the k-factors (ASA, AUM, COH, CMH and DTF).

Based on current regulations, Intermonte SIM has €119,296,787 in risk weighted assets (RWA). As a result, the CET1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are all above 44%, well above the minimum regulatory capital requirements (the SREP target ratios are 7.83%, 9.54% and 11.82% respectively). The CET1 Capital Ratio is 39.9%.

In addition to determining the adequacy of its capital levels in relation to Pillar 1 risk, the company also uses methods for the mitigation of other risks, the so-called second pillar. As at 31st December 2021 there were no capital provisions for second pillar risks.

#### 3.2.2.2 Quantitative information

| CAPITAL REQUIREMENTS | Total as at 31.12.2021 | Total as at 31.12.2020 |
|---|---|---|
| Capital requirements for market risk | 7,269,596 | 9,572,502 |
| Capital requirements for credit and counterparty risk | 1,862,868 | 4,681,370 |
| Capital requirements for risk of changes in credit ratings | - | 1,159,018 |
| Additional capital requirements for regulatory risk | - | 948.37 |
| Additional capital requirements for concentration risk | | |
| Capital requirements: based on fixed overheads | | |
| Capital requirements for operational risk | 411,279 | 5,646,142 |
| Other capital requirements | | |
| **Overall regulatory capital requirements** | **9,543,743** | **21,059,980** |
| Initial capital | | |
| **RISK ASSETS AND CAPITAL RATIOS** | | |
| 1 Risk weighted assets | 119,296,787 | 263,249,750 |
| 2 Common equity tier 1 assets / risk-weighted assets (CET1 capital ratio) | 39.501% | 27.167% |
| 3 Tier 1 assets / risk-weighted assets (tier 1 capital ratio) | 43.628% | 27.167% |
| 4 Total own funds/ risk-weighted assets (total capital ratio) | 43.628% | 27.167% |

# Section 4 - Analysis of comprehensive income

| | Items | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| 10. | **Profit (loss) for the year** | **8,733,388** | **9,053,902** |
| | **Other income not transferred to the income statement** | - | - |
| | Equity securities designated at fair value through other comprehensive income: | - | - |
| 20. | a) changes in fair value | - | - |
| | b) transfers to other equity items | - | - |
| 30. | Financial liabilities designated at fair value through profit and loss (changes in credit rating): | - | - |
| | a) changes in fair value | - | - |
| | b) transfers to other equity items | - | - |
| 40. | Hedging of equity securities designated at fair value through other comprehensive income:<br>a) changes in fair value (hedged instrument)<br>b) changes in fair value (hedging instrument) | - | - |
| 50. | Plant and equipment | - | - |
| 60. | Intangible assets | - | - |
| 70. | Defined benefit plans | - | - |
| 80. | Non-current assets held for sale and disposal groups | - | - |
| 90. | Share of fair value reserves of equity-accounted investees | - | - |
| 100. | Income tax related to other income not transferred to the income statement | - | - |
| | **Other income transferred to the income statement** | - | - |
| 110. | Hedges of investments in foreign operations:<br>a) changes in fair value<br>b) transfers to profit or loss<br>c) other changes | - | - |
| 120. | Translation differences:<br>a) changes in fair value<br>b) transfers to profit or loss<br>c) other changes | - | - |
| 130. | Cash flow hedges:<br>a) changes in fair value<br>b) transfers to profit or loss<br>c) other changes | - | - |
| | of which: result of net positions | - | - |
| 140. | Hedging instruments (non-designated items):<br>a) changes in fair value<br>b) transfers to profit or loss<br>c) other changes | - | - |
| 150. | Financial assets (other than equity securities) measured at fair value through other comprehensive income:<br>a) changes in fair value<br>b) transfers to profit or loss<br>- net impairments for credit risk<br>- gain/loss on sale<br>c) other changes | - | - |
| 160. | Non-current assets and groups of assets held for sale:<br>a) changes in fair value<br>b) transfers to profit or loss<br>c) other changes | - | - |
| 170. | Share of fair value reserves of equity-accounted investees:<br>a) changes in fair value<br>b) transfers to profit or loss<br>- impairment losses<br>- gain/loss on sale<br>c) other changes | - | - |
| 180. | Income tax related to other income transferred to the income statement | - | - |
| 190. | **Total other comprehensive income after tax** | | |
| 200. | **Total comprehensive income (item 10 + item 190)** | **8,733,388** | **9,053,902** |
| 210. | Total consolidated comprehensive income pertaining to minority interests | **1,537,364** | **1,301,316** |
| 220. | **Total consolidated comprehensive income pertaining to the parent company** | **7,196,024** | **7,752,586** |

## Section 5 - Related party transactions

Dealings with related parties, identified in accordance with the provisions in IAS 24, are part of the normal operations of the Group and as a rule take place on financial terms equivalent to those on the market that are applicable to unrelated parties of like nature and degree of risk, i.e., in the absence of benchmarks, at conditions of verified reciprocal convenience bearing in mind the complexity of the circumstances, the peculiarities of the transaction, and the interests of the Group.

During the twelve months to 31st December 2021, no transactions of greater or lesser importance with related parties were carried out such as to significantly influence either the financial position or the profit or loss of the Group.

In any event, transactions were not carried out that were atypical or unusual and/or at non-standard financial or contractual conditions for the type of related counterparty.

The IAS 24 definition of related parties includes persons or entities that:

a) directly, or indirectly through one or more intermediaries,
   i. control, are controlled by, or are under common control with, the reporting entity (including parents, subsidiaries, and fellow subsidiaries);
   ii. hold a stake in the reporting entity such as to be able to exercise significant influence over that entity; or
   iii. jointly control the reporting entity;

b) represent a subsidiary of the reporting entity;

c) represent a joint venture in which the reporting entity is a participant;

d) are a member of key management personnel (i.e., having strategic authority and responsibilities) of the reporting entity or its parent;

e) are a close family member of one of the persons referred to in points a) or d);

f) are an entity controlled by, under joint control by or subject to significant influence by one of the persons referred to in points d) or e), i.e., such persons that, directly or indirectly, hold a significant portion of voting rights; or

g) are a post-employment benefit plan for the employees of the reporting entity, or of any other entity related to the reporting entity.

### *5.1. Information on the remuneration of executives with strategic responsibilities*

Information is provided below on the remuneration of executives with strategic responsibilities and on transactions put in place with related parties, pursuant to IAS 24.

Total remuneration and other benefits and allowances in the financial year paid to directors, statutory auditors, and other executives with strategic responsibilities was Euro 2,932 thousand, as shown below:

| | Total remuneration |
|---|---|
| **Directors** | 598,903 |
| **Executives** | 2,255,000 |
| **Statutory auditors** | 77,750 |

## Section 6 – Disclosure on leasing

### *Qualitative information*

The Company's leasing contract relates to its commercial premises.

A lease is defined as a contract that depends on the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration.

IFRS 16 applies to all transactions that involve the right to use an asset, regardless of the contractual form, i.e., whether it is classified as operating or financial, rent or hire. Leases with a lease term of 12 months or less, or where the underlying asset has a low value when new, are excluded from application of this principle.

IFRS 16 imposes initial recognition of a right-of-use asset (RoU) and a lease liability, representing the present value of future lease payments.

Upon initial application in 2019, in accordance with transitional provision C3, the Company opted to adopt the Modified B approach, which allows the recognition of the cumulative impact of the initial application of the principle at the date of initial application, without restating comparative figures in financial statements prior to the first time application of IFRS 16.

The Company has decided to avail itself of the practical expedients provided for in IFRS 16 in the event of adoption of the Modified approach, i.e., not to apply the provisions of the principle to leases with a term of less than 12 months from the date of initial application, booking such leases as short term leases. Finally, in line with the provisions of IFRS 16 paragraph 5, the Company has excluded recognition of RoU and Lease Liability for leases in which the underlying asset has a low value.

As for measurement subsequent to the initial recognition of leases:

a. the right of use is amortised across the duration of the contract or the useful life of the asset (based on IAS 16);

b. the liability has been gradually reduced as a result of lease payments, on which interest charges have been recognised, and therefore booked separately on the income statement.

In light of these considerations, no impact was recognised on shareholders' equity from first-time application of the principle. In particular, based on the approach decided upon, first-time application of the principle determined an increase:

1. of c.€6 million in financial liabilities, following the recognition of the debt to the lessor; and

2. of c.€6 million in assets, following the recognition of the right of use to the asset.

### *Quantitative information*

Quantitative information about leasing-related items has been provided in the form of notes adjacent to the relevant items in the financial statement. The following table summarises the effects arising from adoption of IFRS 16 with regard to financial year 2021.

| | Value as at 31 12 2020 | Changes | | | | | Value as at 31 12 2021 |
|---|---|---|---|---|---|---|---|
| | | Interest | Depreciation | Payments | Initial recognition | Other changes | |
| **Statement of Financial Position – Assets** | | | | | | | |
| **Item 80 - Property and equipment** | | | | | | | |
| - Right-of-use assets | **4,707,261** | **-** | **(711,976)** | **-** | **-** | **-** | **3,995,285** |
| *Buildings for office use* | 4,707,261 | - | (711,976) | - | - | - | 3,995,285 |
| *Buildings for residential use* | - | - | - | - | - | - | - |
| *Motor vehicles* | - | - | - | - | - | - | - |
| **Statement of Financial Position – Liabilities** | | | | | | | |
| **Item 10 - Financial liabilities measured at amortised cost** | | | | | | | |
| - Other liabilities | **4,896,312** | **70,770** | **-** | **(720,485)** | **-** | **-** | **4,246,597** |
| *Lease liabilities on buildings for office use* | 4,896,312 | 70,770 | - | (720,485) | - | - | 4,246,597 |
| *Lease liabilities on buildings for residential use* | - | - | - | - | - | - | - |
| *Lease liabilities on motor vehicles* | - | - | - | - | - | - | - |
| **Profit and Loss Statement** | | | | | | | |
| **Item 80 - Interest** | | | | | | | |
| - Interest expense on financial liabilities measured at amortised cost | **-** | **(70,770)** | **-** | **-** | **-** | **-** | **(70,770)** |
| *Lease liabilities on buildings for office use* | - | (70,770) | - | - | - | - | (70,770) |
| *Lease liabilities on buildings for residential use* | - | - | - | - | - | - | - |
| *Lease liabilities on motor vehicles* | - | - | - | - | - | - | - |
| **Item 160 - Depreciation and net impairment losses on property and equipment** | | | | | | | |
| - Depreciation | **-** | - | **-** | **-** | **-** | **-** | **-** |
| *Right-of-use buildings for office use* | - | - | - | - | - | - | - |
| *Right-of-use buildings for residential use* | - | - | - | - | - | - | - |
| *Right-of-use motor vehicles* | - | - | - | - | - | - | - |

# Section 7 – Other information

## *7.1 Other*

| Type of service | Service provider | Service recipient | Fees (thousand Euros) |
|---|---|---|---|
| External audit | KPMG S.p.A. | Intermonte Partners S.p.A. | 84 |
| Certification services | KPMG S.p.A. | Intermonte Partners S.p.A. | 155 |

# Annexes

## Reconciliation

### *Reclassified consolidated income statement*

| Euro mn | FY 2020 | FY 2021 | FY21 vs FY20 % |
|---|---|---|---|
| Sales & Trading | 14.5 | 15.9 | *10.0%* |
| Investment Banking | 9.6 | 11.4 | *19.2%* |
| Global Markets | 13.6 | 13.0 | *(4.4)%* |
| Digital Division & Advisory | 3.1 | 3.4 | *11.1%* |
| **Total net revenues (management accounts)** | **40.7** | **43.8** | ***7.7%*** |
| *Partial reclassification of net interest and other financial items* | (0.9) | (0.4) | *(60.2)%* |
| *Partial reclassification of other administration expenses* | 2.1 | 1.1 | *(48.3)%* |
| *Partial reclassification of net fees and commissions* | (0.6) | (1.4) | *128.5%* |
| *Partial reclassification of net impairment losses due to credit risk* | 0.3 | (0.0) | *(108.2)%* |
| **Total reclassifications (management accounts)** | **0.9** | **(0.7)** | ***(174.2)%*** |
| **Total income** | **41.6** | **43.2** | ***3.7%*** |
| Net impairment losses due to credit risk | (0.3) | 0.0 | *(108.2)%* |
| Personnel expenses (management accounts) (*) | (19.6) | (21.6) | *10.4%* |
| *Partial reclassification of "Personnel expenses"* | (0.1) | (0.2) | *92.9%* |
| **Total personnel expenses** | **(19.7)** | **(21.8)** | ***10.8%*** |
| Other operating expenses (management accounts) (**) | (8.9) | (10.4) | *16.5%* |
| *Partial reclassification of other administration expenses* | (0.5) | 0.8 | *(267.3)%* |
| **Operating costs** | (29.1) | (31.4) | ***7.8%*** |
| **Pre-tax profit (loss) from continuing operations** | **12.2** | **11.8** | ***(3.1)%*** |
| Income tax | (3.2) | (3.1) | *(3.6)%* |
| **Post-tax profit (loss) from continuing operations** | **9.1** | **8.7** | ***(4.0)%*** |
| Profit (Loss) for the year pertaining to minority interests | 1.3 | 1.5 | *18.3%* |
| **Profit (loss) for the year pertaining to the parent company** | **7.8** | **7.2** | ***(7.7)%*** |

(*) This item includes remuneration of executive directors but excludes remuneration of non-executive directors and statutory auditors.

(**) This item includes the remuneration of non-executive directors, statutory auditors, depreciation/amortisation and net impairment losses on tangible and intangible assets, and operating income and expenses

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