

2021

**FINANCIAL
STATEMENTS**
as at 31 December
2021



VINAVIL[®]

YOUR PARTNER IN POLYMERS



Website: WWW.VINAVIL.COM

VINAVIL S.p.A.

Registered Office on Viale Jenner 4, Milan, Italy

Share Capital Euro 6,000,000

Direction and coordination: Mapei S.p.A.

Italian Tax Code and registration with the Registry of Companies in Milan
no. 11222570159- E.A.I. no. 1445835

Financial Statements 31/12/2021

Management Report.....	5
Assets - Liabilities - Income Statement.....	21
Cash Flow Statement.....	24
Notes	25
Board of Statutory Auditors' Report.....	77
Statutory Auditors' Report.....	79



Management Report

MANAGEMENT REPORT STATUTORY FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

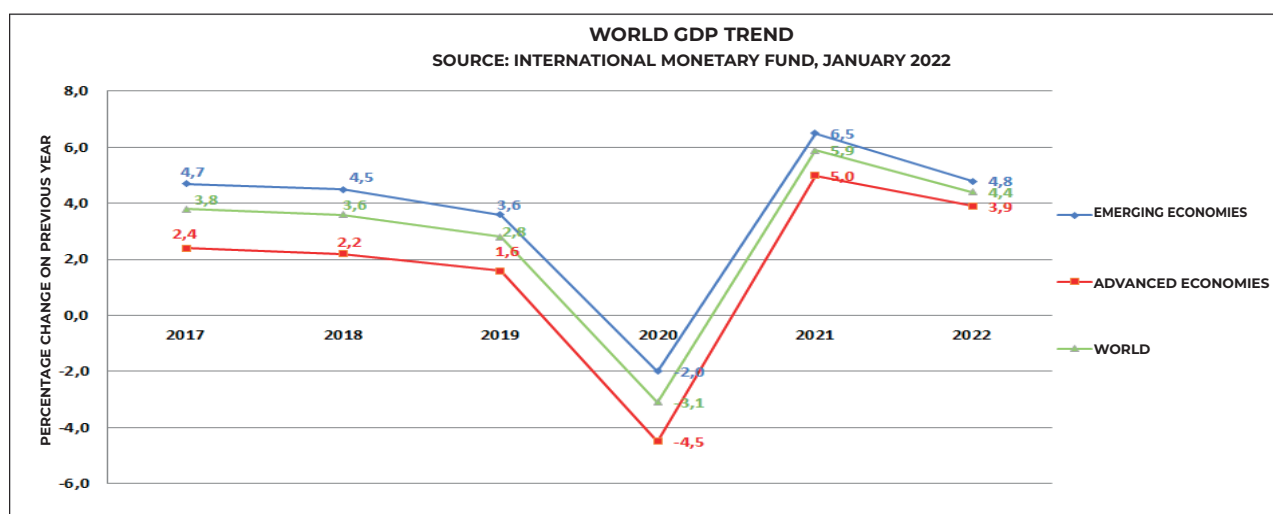
Dear Shareholder,

this report on the situation and management performance of the Company is prepared in compliance with the provisions of art. 2428 of the Italian Civil Code and accompanies the Financial Statements as at 31 December 2021.

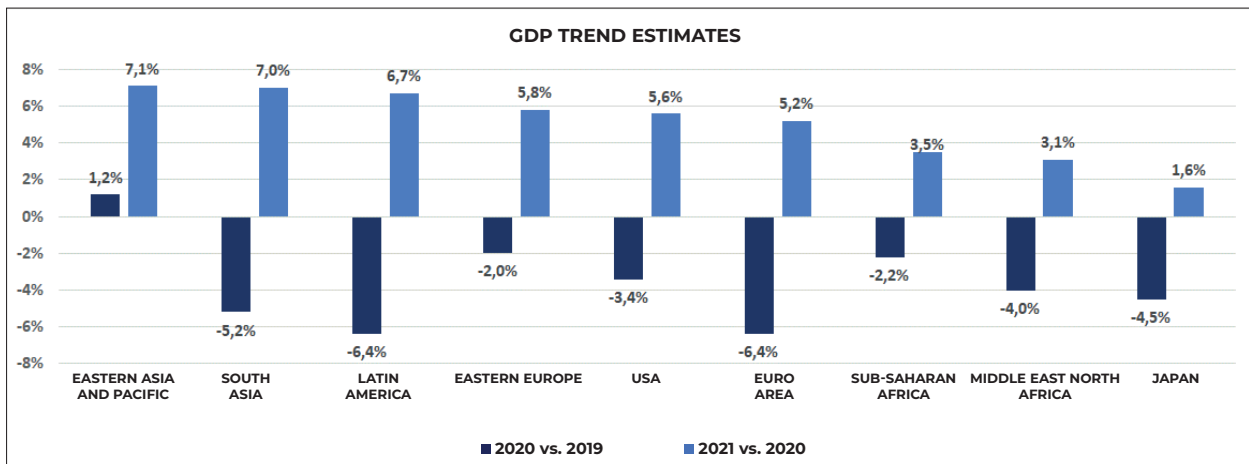
The year closed with a profit of € 10,278,617, net of taxes for the year, after amortisation/depreciation and taxes respectively amounting to € 4,654,752 and € 3,669,458.

World economic development

In 2021, the global economy developed at a rate of approximately 6%, fully recovering from the recession that occurred in 2020, when world GDP contracted by 3.1%. Over the past year, emerging economies have grown by 6.5% while advanced economies have registered a development rate of 5%. The forecasts for 2022 are obviously very random because they are affected by military tensions in Ukraine, whose impact is difficult to quantify; the International Monetary Fund estimates an increase in world GDP of 4.4%, with mature markets growing by about 4% and emerging markets by 4.8%.



The graph illustrates the recorded trend of GDP in the various geographical areas.



In the past year, Single Currency countries have not fully recovered from the economic downturn that occurred in 2020. The Euro Area recorded a total growth rate of 5.2%. German GDP increased by 2.7%, while French GDP increased by 6.7%. In 2021, the Italian economy partially recovered from the heavy recession of 2020 (-8.9 %) and grew by 6.5 %. Last year, Iberian GDP registered a development rate of 4.9%, recovering only marginally from the 10.8% decline in 2020.

In Eastern Europe the economic growth rate in 2021 stood at 5.8% and was, therefore, in line with that of world GDP. This region had suffered from the crisis generated by the pandemic to a moderate extent; in 2020, in fact, the GDP had contracted by only 2%. Last year the Russian economy grew by 4.5%, Turkish by 9.3%, while the Polish GDP achieved a growth of 5.1%.

The Middle East and North Africa recorded moderate growth in 2021, estimated at 3.1%. Last year in Saudi Arabia and the United Arab Emirates, the GDP growth rate remained below 3%, while in Egypt the increase was 3.3%.

In 2021, the economic performance in sub-Saharan Africa was moderately positive. The region's GDP grew by 3.5%. While South African GDP has performed well, growing by almost 5%, the Nigerian economy has developed just over 2%.

Economic development in Italy

In 2021, Italian GDP increased by 6.5%. The growth rate was among the highest among the Euro area economies, which recorded an overall growth of 5.2%. GDP growth, although significant, was not sufficient to recover the 8.9% decline that occurred in 2020. Last year, household consumption grew by 5%, recovering only marginally from the collapse of 2020. On the contrary, investments in machinery grew by almost 11% in 2021, balancing the decline of the previous year. Inflation stood at 1.9%, the highest rate recorded in recent years.

Italy - Macroeconomic indicators - Percentage change over previous year

	2020	2021
GDP	-8.9	6.5
HOUSEHOLD CONSUMPTION	-10.8	5.0
INVESTMENTS IN MACHINERY	-11.2	10.7
EXPORTS	-14.7	13.6
INFLATION	-0.1	1.9

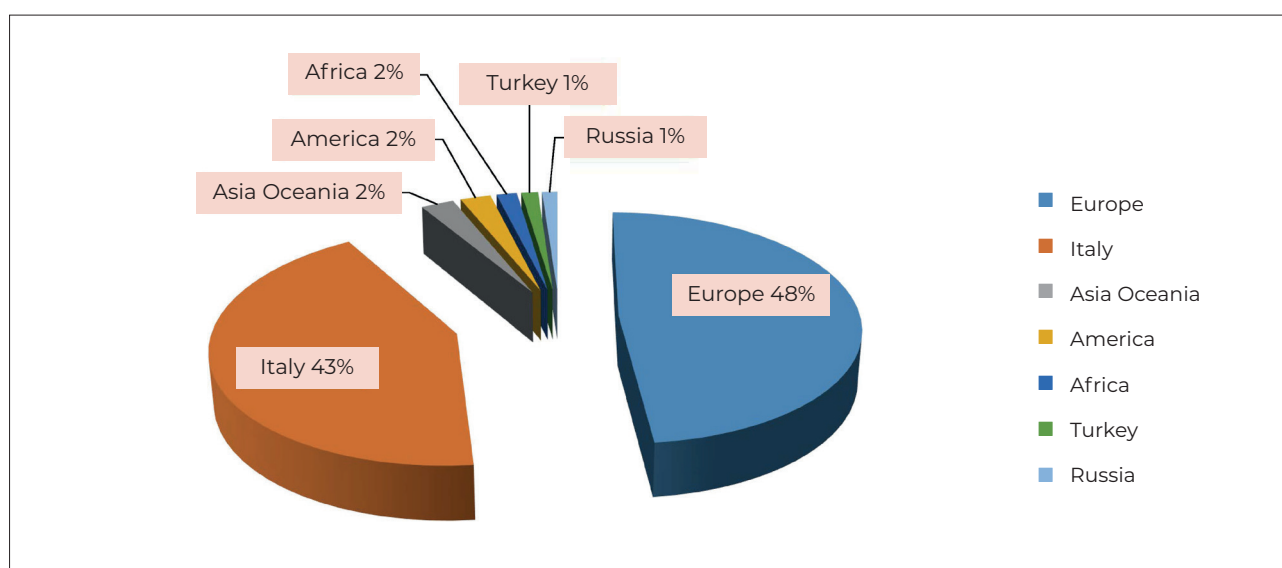
Operating performance

Compared to last year, in 2021, the Company recorded a strong increase in both sales volumes and revenues, respectively by +10.4% and +50.0%.

The following table shows the distribution by geographical area of revenues and the relative development trend (millions of €):

	2021	2020	DELTA
Italy	106	68	56%
Europe	119	78	53%
Outside Europe	21	18	19%
Total	247	164	50%

The geographical breakdown of Revenues in 2021 is as follows:



From the analysis of sales by geographical area, it is evident that growth is substantially distributed across all markets.



As for 2020, 2021 was also strongly influenced by the health emergency due to the COVID-19 pandemic. In fact, after the burdensome stop of economic and social activities in 2020 in order to maintain an adequate distance and limit the spread of the virus, the new year opens with important measures to stimulate the economy launched by the European Commission, and new regulations for coexistence with the virus aimed at the continuation of activities. The result is a strong acceleration of global demand for materials that has reduced the availability of raw materials causing a surge in prices, also because it is not supported by adequate stocks, reduced due to the pandemic. Extraordinary events, such as the exceptional cold spell in the United States in February, particularly in the state of Texas, and the temporary stoppage of transit through the Suez Canal in March (due to the stranding of one of the largest container ships in the world) have even more stimulated the rise in prices. Furthermore, global logistics, on one hand under pressure from the increase in global trade and on the other weakened by COVID-19, has reduced the travel offer, with a consequent impact on prices.

The cost of Raw Materials, as mentioned earlier, has risen sharply fuelled by vigorous demand and inadequate availability, registering, in some cases, quotations of three or four times the price traded in 2020.

To cope with this difficult situation, Vinavil has organised a team dedicated to monitoring market changes, with the primary purpose of guaranteeing customers continuity of supply, while safeguarding its economic and financial solidity, essential for maintaining the expected level of service. During 2021, sales prices were repeatedly adjusted upwards to cover the significant increase in costs.

Analysing turnover by sector, all product lines recorded significant growth compared to the previous year, in particular the main sales lines Construction, Adhesives and Paints recorded increases between +50% and +70% (average volumes of +14%), Textile +44%, Food +20%, Redispersible Powders +25%, and "DIY" +4%.

The Gross Operating Margin (EBITDA) stood at € 18.68 million (approximately 7.5% of revenues), compared to € 16.9 million in the previous year (about 10.3% of revenues).

From a financial viewpoint, the net financial position (essentially represented by the "pooling-account" with the controlling company Mapei SpA) went from an active balance of € 9.2 million at the end of 2020 to a debt of € 12.2 million at the end of 2021.

The change in the net financial position is the result of the negative cash flows from operations, amounting to € 13.6 million, strongly reduced by the absorption of Working Capital due to the increase in the cost of Raw Materials, net of the amount transferred to the controlling company as a result of the adhesion to the tax consolidation for € 2.6 million (I.R.E.S. debt), from the payment of income tax for I.R.A.P. purposes. (€ 0.7 million), dividend payments (€ 4.5 million), technical investments (€ 3.3 million) and the receipt of dividends from the controlled company (€ 0.7 million).

The investment trend confirms the Company's focus on increasing its competitive, safety and environmental performance.

It should be noted that the controlled company Vinavil Egypt for Chemicals is meeting its expected growth and development plans. The result for FY 2021, net of taxes, is positive for approximately Egyptian Lira 41.8 million, equal to € 2.3 million.

Disclosure pursuant to art. 2428 of the Italian Civil Code

In order to better highlight the situation of the Company and management performance, below we summarise the equity, financial and economic data for the year, compared with those from the previous year, through a Balance Sheet reclassified by functional areas and the Income Statement reclassified on a management accounting basis as required by the Italian Civil Code (thousands of €).

Balance sheet reclassified as at 31 December

(VALUES Euro x.000)

	2021	2020
Net fixed assets		
Intangible	128	157
Tangible	45,173	46,495
Financial	19,170	19,170
Total	64,471	65,822
Net Working Capital		
Inventories	31,116	15,820
Receivables	59,262	37,076
Other Assets	1,122	1,665
Liabilities	- 30,296	- 21,706
Other Liabilities	- 5,038	- 5,132
Total	56,166	27,723
Provisions for risks and Severance Indemnity		
Provisions for risks and charges	- 2,182	- 2,232
Severance indemnity	- 720	- 793
Total	- 2,902	- 3,025
Net Invested Capital	117,735	90,520
Net Financial Position		
Liquid funds	- 7	- 8
Short-term financial debts	1	1
Cash Pooling Position	12,174	- 9,262
Total	12,168	- 9,269
Shareholders' Equity	105,567	99,789
Total sources of financing	117,735	90,520

The main changes in cash flows that led to the negative change in the Net Financial Position are as follows.

Cash flows absorbed in operating assets

During the year, operating activities resulted in a net negative change of € 13.6 million (for more details, see the Cash Flow Statement).

Cash flows generated by investment activities

This area resulted in a negative change of € 3.3 million, following the interventions made on the tangible fixed assets present in the Company's production sites (as better commented in the "Production/Investments" section of this report).

Cash flows absorbed by financial assets

Deriving from the payment of dividends to the Controlling company in the amount of € 4.5 million.

Profit and Loss Statement reclassified as at 31 December

(Amounts in Euro x.000)

Description	2021	2020
Revenues from sales	246,849	163,667
Internal production	3,543	- 1,663
Value of production	250,392	162,004
External operating costs	205,578	119,847
Added value	44,814	42,157
Personnel costs	26,125	25,209
Earnings before interest, taxes, depreciation, and amortisation (EBITDA)	18,689	16,948
Amortisation/depreciation and provisions	4,655	4,490
Operating Result	14,034	12,458
Income from ancillary activities	249	753
Result of the financial area (net of financial charges)	10	23
Normalised EBIT	14,293	13,234
Result of the extraordinary area		
Stated Ebit	14,293	13,234
Financial charges	345	285
Gross income	13,948	12,949
Income taxes	3,669	2,993
Net income	10,279	9,956

Main performance indicators

We point out various performance indicators chosen among those considered most significant in relation to the Company's situation. The ratios for the year under scrutiny are compared with those of the previous year.

		2021	2020
1 - financing ratios of fixed assets			
Fixed assets to equity capital ratio	Equity / Fixed assets	1.64	1.52
Equity plus non-current liabilities to equity ratio	long term debt ratio Equity + Consolidated liabilities / Fixed assets	1.68	1.56
2 - financing ratios of fixed assets			
Debt to equity ratio	Consolidated liabilities + Current liabilities / Equity	0.49	0.30
Debt (long-term interest bearing) to equity ratio	Net financial position / Equity	0.12	-0.09
3 - profitability index			
ROE Gross	Gross result/Equity	13.2%	13.0%
ROI	Operating result / Capital operating area (*)	10.18%	11.28%
ROS	Operating result / Revenues from sales	5.7%	7.6%
4 - liquidity ratio			
Current ratio	Current assets / Current liabilities	1.91	2.38
Cash ratio	(Deferred liquid assets + Immediately available cash) / Current liabilities	1.27	1.79
(*) Capital operating area: total assets - financial fixed assets- cash and cash equivalents			

Specifically, the “Fixed assets to equity capital ratio”, which defines the degree of internal hedging of fixed assets, shows an amount of 1.64, which is above the reference parameter generally suggested (between 0.7 and 1), therefore, confirming a satisfactory equity soundness (the company's equity is in fact sufficiently abundant to autonomously finance the fixed assets).

Also the “Fixed assets to equity capital and medium/long-term debt ratio”, which compares the permanent capital, contributed, therefore, by both the shareholders and by third party financial backers, with the fixed assets, discloses a satisfactory situation and therefore confirms a suitably capitalised equity structure, since it is higher than the minimum threshold generally advised of 1, therefore the financial coverage sources are able to satisfy not only the requirements relevant to fixed assets, but also those generated by current assets.

The “Total debt to equity ratio” increased with respect to the previous year mainly due to the increase in current liabilities. Total liabilities amounted to approximately € 51.47 million (approx. € 29.86 million in the previous year), against a Shareholders' Equity of € 105.56 million.

The “Current ratio” is 1.91 (2.38 in 2020); which indicates a satisfactory ability of the company to meet short-term commitments with its own non-current resources.



The “Cash ratio” was also positive at 1.27 (1.79 in 2020).

The values adopted by the availability ratio and the cash management ratio overall demonstrate that the Company is able, using its liquidity, to face short-term commitments.

The profitability indicators show, from an economic viewpoint, a positive return on equity of 13.2%; the positive trend is determined by the increase in profit for the year.

ROE summarises the profitability of the company. ROI is an index of the profitability of operations and measures the company's ability to generate profits. ROS is the most widely used indicator for analysing profitability in relation to the volume of turnover produced.

Return on investment and sales are both positive; the positive trend of the indicators was mainly determined by the improvement in the operating result, driven by a significant increase in margins on sales.

Risk management

In this part of this report, in compliance with the provisions of art. 2428 of the Italian Civil Code, the intention is to report the risks, that is to say, those events capable of producing negative effects in order to pursue corporate objectives, which can represent an obstacle to the creation of value.

The Company has activated a mechanism for the constant monitoring of said risks, in order to prevent potential negative effects and adopt necessary action for their containment.

The main risks are listed below:

Risks associated with credit management

The Company's commercial policy is characterised by safeguarding credit by means of a constant and, if necessary, preventive control and monitoring of the financial standing of the customer.

It should be noted that, operating with a rather high number of customers, there are no significant credit positions that lead to an excessive credit concentration.

Price risk

The sales price policy is established based on foreseeable changes in the cost for raw materials and purchased finished products; the objective is to adjust the same, as soon as possible, in order to reflect the increase in costs.

In order to reduce the risk linked to the fluctuation of the prices of raw materials, the Company carries out specific analysis activities on the market trying to exploit market fluctuations in the best possible way and to its own advantage.

Furthermore, the Company normally does not execute medium/long-term contractual commitments with customers and suppliers.



Risks associated with currency exchange rates

The Company operates in a financial context essentially linked to the Euro. The financial exposure in currencies other than the Euro is limited and does not involve particular risks.

The Company holds a foreign currency current account (USD), centralised with the Group's Central Treasury (cash pooling), for the ordinary management of supplies and collections in the Dollar area.

Risks associated with financial requirements and liquidity management

The Company manages its financial requirements and excess liquidity through the centralised treasury management system, maintained with the Controlling company Mapei S.p.A., which guarantees the Group's liquidity.

Environmental impact, health and safety risks

The Company pays particular attention to protecting the environment and the health and safety at the workplace, complying with all environmental and safety regulations. The Company has structures dedicated to the management of these issues. At Group level, the HSE Corporate (Health, Safety and Environment) function operates with the task of coordinating the operations of the individual companies.

Risks associated with tax and legal disputes

The Company uses specialised Lawyers in order to face and deal with risks relevant to situations that may involve the Company. To date the Company is not involved in any disputes worth mentioning and for which loss is possible or probable.

Relations with controlled companies, associates, controlling companies, controlled companies of the controlling company and related parties

Controlling Companies

Vinavil S.p.A. is a controlled company of Mapei S.p.A. with registered office in Via Cafiero 22, Milan, Italy, that owns 100% of the share capital.

Transactions between Vinavil S.p.A. and the Controlling company Mapei S.p.A. mainly concern:

- Trade relations relevant to the purchase and sale of products;
- Centralised services (IT, technical, organisation, general) provided by the controlling company;
- Tax relations based on the controlling company's participation in the National Tax Consolidation Regime prepared by the Holding;
- Financial relations for Group cash pooling.

All transactions are regulated by contract and executed at arm's length.



Controlled companies

Relations with the controlled company Vinavil Egypt for Chemicals SAE are of a commercial nature, for goods sold and/or purchased at normal market conditions.

Other companies subject to control by the controlling company

Relations with other Group companies are mainly of a commercial nature relevant to the purchase and sales of products.

These relations are regulated on an arm's-length basis.

The breakdown of the financial and economic relations between the Company and other Group companies, including the controlling company, controlled company and Companies subject to control by the controlling company, is illustrated in Annex 1 and 2 to this report. There are no significant relations with other related parties.

Transactions on treasury or controlling company shares

The Company does not own, nor did it acquire or dispose during the year, treasury or controlling company shares of Mapei S.p.A., with which it has commercial and financial relations regulated on an arm's-length basis.

Other information – National tax consolidation

The Company exercised the option for group taxation for IRES (company earnings tax) purposes (Tax Consolidation), jointly with the controlling company Mapei S.p.A. and the other companies controlled by the latter.

Research and development

The Research and Development activity of the Vinavil Company has always been oriented towards technological solutions capable of promoting an environmentally friendly development, successfully addressing the great global challenges of climate change and the limited availability of resources and raw materials.

The transition to circular economy, necessary to safeguard the environment and the well-being of future generations, can also represent a great development opportunity for Vinavil; therefore, the activity of its own Research Laboratories continued in 2021, with the aim of identifying innovative products oriented towards environmental sustainability, in collaboration with some important Italian and foreign independent research institutes, such as the National Research Council, the University of Florence and the POLYMAT Institute of the University of the Basque Country.

In 2021, the Company, together with the University of Bologna, University of Pavia and other companies, submitted an application to the European Union for a LIFE-2021-SAP-ENV (*Circular Economy and Quality of Life - Standard Action Projects*) Project.



LIFE plays a key role in supporting the development, implementation and updating of EU environmental and climate policy and legislation through the funding of projects of various sizes, which aim to demonstrate the technical and economic feasibility of effective solutions to diverse and complex environmental and climate problems.

The Project focuses on the possibility of using the biological sludge deriving from water purification, to obtain an acrylic monomer to be reused in the production cycle; a clear example of Circular Economy, the extraction of a raw material from a waste material.

In the field of wood products, a range of high performance two-component adhesives has been created; these are products that withstand very severe ageing cycles, in the presence of high humidity, for the construction of adhesive joints positioned in outdoor environments (able to withstand atmospheric agents). The products developed are suitable for the new standard EN 17619 (Classification of wood adhesives for non-structural timber products for exterior use).

In the field of self-adhesives, a new product used for the manufacture of plastic film labels has been launched on the market.

Proposals to replace Urea-Formaldehyde resin-based binders (no longer in line with safety regulations) have begun to gain acceptance, from the production of plywood, to reclaimed wood panels, to the application in sheet veneer.

In the Coating sector, the first successes in the proposal of the new product "Vinavil 04V", a higher-performance version of the historic 'Vinavil 03V', which for 50 years has been the vinyl-versatic binder of reference in the water-based coatings market, should be noted.

In 2021, Research was very committed to assisting the Production, both to face the strong demand from the market, where the production cycles were optimised, significantly shortening the production times per batch, and to remedy the lack of raw materials, qualifying new suppliers and, in some cases, finding products that replace raw materials that practically disappeared from the market.

Vinavil's Research and Development strategy for the future is aimed both at strengthening its presence in the historical sectors, by means of extensive technical assistance, and by following marketing activities in finding new sales opportunities in sectors and markets adjacent to the traditional ones.

Production/investments

The investment during 2021 led to an expense commitment of approximately € 3.3 million.

At the Ravenna site, work was carried out to cope with the increase in production capacity both in the "Suspending Agents" line (in the PVC production sector) and in the "Dynamon" production line (application in the Construction sector), as well as upgrading and securing works throughout the site.

At the Villadossola plant, important extraordinary maintenance work was carried out on the reactor of the "EVA" plant (for the production of ethylene products used in the Adhesives and Construction sector) and the installation of an automatic packaging line in the drying department.



Safety, quality and environmental sustainability

During 2021, all the Certifications of the Management Systems for the Health and Safety of Workers (ISO 45001), for the Environment (ISO 14001) and for Quality (ISO 9001) were renewed, covering both the Milan headquarters and the Villadossola and Ravenna plants. In the latter site, the compliance of the Food Safety Management System pursuant to “ISO/FSSC 22000” was also positively verified, applied to the production line Raviflex BLS, component of the basic rubber for chewing-gum.

Subsequent to the surveillance and certification renewal audits carried out in 2021, the certification body did not issue any “non-conformities”.

Work continued on updating and aligning company processes, with the aim of progressively integrating the systems applied in the organisation and building of a Business Management System that includes all areas of the organisation.

Vinavil S.p.A. continues its adherence to the international project “Responsible Care”, promoted in Italy by Federchimica, collaborates in the preparation of the “Sustainability Report” of Mapei Italy and participates in some eco-sustainability assessments required by the market.

In 2021, the following main improvement measures relevant to Quality, Environment and Safety were carried out at *Villadossola*:

- Support for the systematic application of “Surveillance of Personnel” activities in the various production departments and in-depth study of specific prevention issues affecting the site.
- In the context of Italian Legislative Decree 105/15 (Seveso III legislation on major accident hazards) we report the completion of the five-year review plan of the hazard and operability analysis, known as “HazOp” (from the words HAZard and OPerability analysis), and the drafting and submission of the new Safety Report to the authorities ed. 2021.
- Update of the procedure on personal protective equipment.
- Start of the rental service of protective work clothing (PPE).
- Update of the Environmental Analysis.
- Update of the Risk Assessment Document.

Also at the *Ravenna* production site, during 2021, important improvements were made in the areas of Quality, Environment and Safety, in order to guarantee performance in line with the company standard and which contributed to reaching the coveted goal of zero accidents in 2020.

These are confirmed as strong points:

- Constant investment in Health, Safety and Environment training. For the past two years, the health emergency has had a considerable impact on the training process; after an initial period of suspension of activities, we adapted by resorting to the massive use of the “Docebo e-learning” platform and reorganising the process to allow distance learning activities to take place.
- The supervisory activity carried out by the supervisors in order to maintain a high level of attention on issues related to the environment, safety and health of workers.

-
- The completion of a project to assess the ageing of equipment, conducted pursuant to INAIL guidelines and considering deterioration mechanisms such as internal and external corrosion, erosion, thermal and mechanical fatigue, aimed at adopting monitoring and risk control plans to prevent the loss of containment of hazardous substances.

Implementation of Italian Legislative Decree 231/2001

The activities of Vinavil's Supervisory Board continue, focusing in particular on the following points in 2021:

- Interaction with the Company, in order to have evidence of the initiatives put in place to deal with the Coronavirus emergency and contain the risk of spreading the disease.
- Analysis and, where deemed appropriate, in-depth analysis of the information flows received from the various corporate Functions.
- Periodic meetings with Corporate Management and representatives of corporate Functions.
- Monitoring the need to update the Organisational Model (pursuant to Italian Legislative Decree 75 of 14/07/2020) and subsequent verification.
- Monitoring of training activities regarding the updates to the Organisational Model and the Whistleblowing protocol.
- Preparing and sending periodic reports for the BoD and the Board of Statutory Auditors.
- Implementation of supervisory activities (audit of the Ravenna goods and services procurement area) for the year 2021 and planning for 2022.
- *Follow-up* on the suggested implementations following the audit on the Supervisory Procedure for Supervisors at the Villadossola site, carried out in 2019.

Human Resources

As at 31/12/2021, the workforce was made up of 363 individuals distributed between the categories as follows:

- Executive managers 9
- Managers 50
- White Collars 116
- Blue Collars 188

During the year, there were 14 terminations and 11 new recruits.

Heartfelt thanks are due to all employees and collaborators for their commitment in a particularly difficult year.



Secondary offices and locations where business activities are carried out

In compliance with art. 2428, subsection 5, of the Italian Civil Code, it is hereby specified that the Company does not currently have secondary offices, but operates via the following premises:

Milan (MI) – Via Valtellina, 63

Ravenna - (RA)- Via Baiona 107

Villadossola - (VB)- Via Toce 7

Disclosure on financial instruments

With reference to the disclosure on financial instruments required by art. 2428, subsection 3, no. 6 bis of the Italian Civil Code, the Company does not have any derivative contracts.

Payment of dividends

In 2021, a dividend of € 4.5 million was approved and paid out at the same time.

Direction and coordination activity

Based on the requirements of art. 2497 bis, point 4, of the Italian Civil Code, it should be noted that the Company is subject to direction and coordination by the controlling company Mapei S.p.A.. Please refer to the Notes to Financial Statements for the key data relevant to the last approved Financial Statements of Mapei SpA.

2022 Business outlook

The Company's expectations for the year are reasonably positive, although turbulence in the raw materials supply market, increases in energy costs, inflationary pressures, and more recent geopolitical critical areas, place Italian companies in a more uncertain and unstable environment.

Not expecting particularly burdensome direct effects from this situation, the Directors believe that the Company can cope with the complex market situation.

Milan, 28 March 2022

THE CHAIRMAN OF THE BOARD OF DIRECTORS

(Dr. Marco Squinzi)

Annex 1 to the Management Report for FY 2021

Intra-group relations as at 31/12/2021 - Balance Sheet

(Amounts in Euro)

	Trade receivables	Cash pooling receivables	Liabilities to tax authorities	Trade liabilities	Cash pooling liabilities
Parent Company	8,967,838	1,065,007	(2,868,351)	(2,152,551)	(13,239,291)
Other Group companies	14,228,867			(53,078)	
Total	23,196,705	1,065,007	(2,868,351)	(2,205,629)	(13,239,291)

Annex 2 to the Management Report for FY 2021

Intra-group relations as at 31/12/2021 - Income Statement

(Amounts in Euro)

	A) 1	A) 5	B) 6	B) 7	B) 14	C) 16	C) 17
	Revenues from sales and services	Other revenues and income	Raw, ancillary materials, consumables and goods	Costs of Services	Other operating charges	Interests and other financial income	Interest and other financial charges
Parent Company	32,378,700	855	(3,539,080)	(1,334,285)	(6,126)	10,171	(7,032)
Other Group companies	56,807,173	7,700		(157,589)	(91)		
Total	89,185,873	8,555	(3,539,080)	(1,491,874)	(6,217)	10,171	(7,032)

Assets - Liabilities - Income Statement

Balance Sheet - financial year from 1/1/2021 to 31/12/2021

Assets

	31.12.2021	31.12.2020	difference
B) Fixed assets			
I Intangible fixed assets			
3) industrial patents and intellectual property rights	4,000.36	79.71	3,920.65
4) concessions, licenses, trademarks and similar rights	124,254.50	157,375.00	(33,120.50)
Total	128,254.86	157,454.71	(29,199.85)
II Tangible fixed assets			
1) land and buildings	11,305,281.49	11,600,663.43	(295,381.94)
2) plants and machinery	30,519,982.94	32,416,613.45	(1,896,630.51)
3) industrial and commercial equipment	110,142.38	84,048.58	26,093.80
4) other assets	203,084.11	232,793.28	(29,709.17)
5) tangible assets under construction and advances	3,034,572.18	2,161,191.35	873,380.83
Total	45,173,063.10	46,495,310.09	(1,322,246.99)
III Financial fixed assets			
1) investments			
a) Controlled companies	18,974,390.42	18,974,390.42	0.00
b) controlled company companies	195,994.87	195,994.87	0.00
d) other companies	19,170,385.29	19,170,385.29	0.00
Total			
Total fixed assets	64,471,703.25	65,823,150.09	(1,351,446.84)
C) Current assets			
I Inventories			
1) raw, ancillary and consumable materials	20,994,359.83	9,241,133.46	11,753,226.37
4) finished products and goods	10,121,398.26	6,578,574.25	3,542,824.01
Total	31,115,758.09	15,819,707.71	15,296,050.38
II Receivables			
1) account receivable, trade	36,065,392.66	22,317,029.86	13,748,362.80
2) from controlled companies	68,205.00	774,638.17	(706,433.17)
4) from controlling companies - amount due within one year	8,967,837.71	5,849,114.76	3,118,722.95
5) from companies subject to the control of controlling company	14,160,662.08	8,135,201.05	6,025,461.03
5) bis tax credits			
a) due within one year	480,149.99	950,585.83	(470,435.84)
b) due aftermore than one year	103,670.85	14,894.93	88,775.92
5) tax prepayment	338,721.00	320,582.00	18,139.00
5) quater due from others	41,371.71	262,133.57	(220,761.86)
Total	60,226,011.00	38,624,180.17	21,601,830.83
III Total non-current financial assets			
financial assets for centralised treasury management	1,065,007.02	9,261,391.63	(8,196,384.61)
IV Liquid funds			
1) bank and post office deposits	0.00	0.00	0.00
3) cash and equivalents on hand	7,084.22	8,418.65	(1,334.43)
Total	7,084.22	8,418.65	(1,334.43)
Total current assets	92,413,860.33	63,713,698.16	28,700,162.17
D) Accruals and deferrals	158,639.55	117,002.83	41,636.72
Total assets	157,044,203.13	129,653,851.08	27,390,352.05

THE CHAIRMAN OF THE BOARD OF DIRECTORS
(Marco Squinzi)

Balance Sheet - financial year from 1/1/2021 to 31/12/2021

Liabilities

		31.12.2021	31.12.2020	Difference
A) Shareholders' equity				
I	Share Capital	6,000,000.00	6,000,000.00	0.00
III	Revaluation reserves	64,849,156.05	64,849,156.05	0.00
IV	Legal reserve	1,200,000.00	1,200,000.00	0.00
VI	Other reserves, stated separately	4,926,663.25	4,988,284.31	(61,621.06)
VIII	Profits (losses) carried forward	18,313,201.42	12,795,263.15	5,517,938.27
	Total	95,289,020.72	89,832,703.51	5,456,317.21
IX	Profit (loss) for the year	10,278,616.69	9,956,317.21	322,299.48
	Total	105,567,637.41	99,789,020.72	5,778,616.69
B) Provisions for risks and obligations				
1)	provisions for pension liabilities and other post-employment benefits	1,740,141.37	1,767,228.22	(27,086.85)
2)	provisions for tax and deferred tax	7,616.00	30,509.06	(22,893.06)
4)	other	433,925.76	433,925.76	0.00
	Total	2,181,683.13	2,231,663.04	(49,979.91)
C) Severance Indemnity				
		720,255.35	792,796.25	(72,540.90)
D) Liabilities				
4)	Due to banks	1,161.60	1,352.72	(191.12)
9)	Due to controlled companies	12,478.00	0.00	12,478.00
10)	Due to associates	12,478.00	0.00	12,478.00
11)	Short-term liabilities due to controlling companies	18,260,192.70	4,228,088.41	14,032,104.29
11 bis)	Liabilities due from companies subject to the control of controlling company	40,600.26	25,075.73	15,524.53
12)	Tax liabilities			
	a) due within 12 months	926,098.57	1,025,906.40	(99,807.83)
	b) due beyond 12 months	222,716.83	445,433.66	(222,716.83)
13)	Amounts due to social security institutions	736,799.75	590,052.15	146,747.60
14)	other liabilities	3,080,003.31	3,071,129.09	8,874.22
	Total	48,501,953.82	26,840,371.07	21,661,582.75
E) Accruals and deferrals				
		72,673.42	0.00	72,673.42
TOTAL LIABILITIES		157,044,203.13	129,653,851.08	27,390,352.05

THE CHAIRMAN OF THE BOARD OF DIRECTORS
(Marco Squinzi)

Income Statement - financial year from 1/1/2021 to 31/12/2021

		31.12.2021	31.12.2020	Difference
A) Value of production				
1)	revenues from sales and services	246,849,527.83	163,667,441.08	83,182,086.75
2)	changes in inventories of finished products	3,542,824.01	(1,662,912.07)	5,205,736.08
5)	income from ancillary activities/business	1,118,479.60	1,581,863.58	(463,383.98)
	Total	251,510,831.44	163,586,392.59	87,924,438.85
B) Costs of production				
6)	raw, ancillary materials, consumables and goods	(184,743,099.48)	(86,641,824.80)	(98,101,274.68)
7)	for services	(31,961,011.04)	(27,051,451.40)	(4,909,559.64)
8)	for use of third party assets	(935,110.14)	(927,961.08)	(7,149.06)
9)	for employees			
	a) wages and salaries	(18,177,245.68)	(17,573,048.44)	(604,197.24)
	b) social security contributions	(6,263,106.23)	(5,963,961.43)	(299,144.80)
	c) severance indemnity	(1,165,686.99)	(1,150,688.68)	(14,998.31)
	d) pension liabilities and similar	(132,901.06)	(168,376.12)	35,475.06
	e) other costs	(78,551.13)	(72,249.70)	(6,301.43)
	Total	(25,817,491.09)	(24,928,324.37)	(889,166.72)
10)	amortisation, depreciation and write-downs			
	a) amortisation of intangible fixed assets	(37,201.45)	(39,715.81)	2,514.36
	a) depreciation of tangible fixed assets	(4,617,550.76)	(4,450,114.01)	(167,436.75)
	Total	(4,654,752.21)	(4,489,829.82)	(164,922.39)
11)	changes in left-over stocks	11,753,226.37	(5,507,133.17)	17,260,359.54
14)	other operating expenses	(869,357.62)	(829,106.10)	(40,251.52)
	Total	(237,227,595.21)	(150,375,630.74)	(86,851,964.47)
	Difference between value and cost of production	14,283,236.23	13,210,761.85	1,072,474.38
C) Financial income and charges				
15)	b) income from investments in associates	0.00	0.00	0.00
16)	other financial income			
	d) financial income from controlling companies	10,171.46	23,646.51	(13,475.05)
	Total	10,171.46	23,646.51	(13,475.05)
17)	interest and other financial charges			
	a) interest payable to controlling company	(7,031.63)	(11,398.93)	4,367.30
	d) other financial charges	(90,160.14)	(50,192.23)	(39,967.91)
	Total	(97,191.77)	(61,591.16)	(35,600.61)
17) bis	exchange gains and losses	(248,140.91)	(223,022.93)	(25,117.98)
	Total (15 + 16 - 17)	(335,161.22)	(260,967.58)	(74,193.64)
D) Value adjustments to financial assets				
19)	write-downs:			
	a) of equity investments	0.00	0.00	0.00
	Total adjustments	0.00	0.00	0.00
	EARNINGS BEFORE TAXES	13,948,075.01	12,949,794.27	998,280.74
20) a)	current income taxes for the year	(3,675,824.00)	(3,353,311.00)	(322,513.00)
20) b)	tax related to previous years	(34,666.38)	355,199.00	(389,865.38)
20) c)	deferred and prepaid taxes	41,032.06	4,634.94	36,397.12
	Total	(3,669,458.32)	(2,993,477.06)	(675,981.26)
	PROFIT (LOSS) FOR THE YEAR	10,278,616.69	9,956,317.21	322,299.48

THE CHAIRMAN OF THE BOARD OF DIRECTORS
(Marco Squinzi)

Cash Flow Statement

Financial Statements Vinavil S.p.A as at 31 December 2021	2021	2020	Changes
A. Cash flows from operating activities (indirect method)			
Profit (loss) for the year	10,278,616.69	9,956,317.21	322,299.48
Income taxes	3,669,458.32	2,993,477.06	675,981.26
Interest payable/(interest income)	2,978.00	(9,802.00)	12,780.00
1. Profit (loss) before income taxes, interest, dividends and gains/losses on disposals	13,951,053.01	12,939,992.27	1,011,060.74
Adjustment for non-monetary elements that were not offset in the net working capital			
Provisions	136,480.47	172,315.46	(35,834.99)
Provisions for severance indemnity	57,707.99	38,656.46	19,051.53
Amortisation and depreciation of fixed assets	4,654,752.21	4,489,829.82	164,922.39
Value adjustments to financial assets	0.00	0.00	0.00
2. Cash flow before changes in net working capital	4,848,940.67	4,700,801.74	148,138.93
Changes in net working capital			
Decrease/(increase) of inventories	(15,296,050.38)	7,170,045.24	(22,466,095.62)
Decrease/(increase) of trade receivables	(13,748,362.80)	(350,832.79)	(13,397,530.01)
Decrease/(increase) of receivables due from associates	0.00	808,547.78	(808,547.78)
Decrease/(increase) of receivables due from controlling company	13,124.43	(774,638.17)	787,762.60
Decrease/(increase) of receivables due from controlling company	(6,200,876.95)	(2,375,012.56)	(3,825,864.39)
Decrease/(increase) of other receivables	(4,704,241.85)	2,219,051.93	(6,923,293.78)
Decrease/(increase) of accrued income and prepaid expenses	(41,636.72)	70,982.77	(112,619.49)
Increase/(decrease) of trade liabilities	7,768,569.88	(3,902,549.43)	11,671,119.31
Increase/(decrease) of liabilities due to controlling company	3,452,779.57	2,940,300.01	512,479.56
Increase/(decrease) in liabilities due to associates	12,478.00	(47,116.28)	59,594.28
Increase/(decrease) of other liabilities	(779,714.70)	83,858.83	(863,573.53)
Increase/(Decrease) in accrued liabilities and deferred income	72,673.42	0.00	72,673.42
3. Cash flow after changes in net working capital	(29,451,258.10)	5,842,637.33	(35,293,895.43)
Interest collected/(paid)	7,551.72	13,847.70	(6,295.98)
Income taxes collected - controlling company	0.00	0.00	0.00
(Income taxes paid - controlling company)	(2,670,496.00)	(1,527,865.00)	(1,142,631.00)
(Income taxes paid - IRAP)	(718,797.40)	0.00	(718,797.40)
Dividends collected	693,308.74	0.00	693,308.74
Use of severance indemnity	(130,248.88)	(42,668.85)	(87,580.03)
Use of provisions	(163,567.32)	(30,609.03)	(132,958.29)
4. Cash flow after other adjustments	(2,982,249.14)	(1,587,295.18)	(1,394,953.96)
Cash flow from operating activities (A)	(13,633,513.56)	21,896,136.16	(35,529,649.72)
B. Cash flow from investment activities			
Tangible fixed assets	(3,295,303.76)	(2,732,871.54)	(562,432.22)
(Investments)	(3,295,303.76)	(2,732,871.54)	(562,432.22)
Intangible fixed assets	(8,001.60)	(160.30)	(7,841.30)
(Investments)	(8,001.60)	(160.30)	(7,841.30)
Financial fixed assets	0.00	(1,923,738.46)	1,923,738.46
(Investments)	0.00	(1,923,738.46)	1,923,738.46
Non-current financial assets	0.00	(9,261,392.00)	9,261,392.00
(increase) centralised management of the treasury - cash pooling	0.00	(9,261,392.00)	9,261,392.00
Cash flow from investment activities (B)	(3,303,305.36)	(13,918,162.30)	10,614,856.94
C. Cash flow from financing activities			
Third party resources			
Increase (decrease) in short-term liabilities to banks	(191.12)	(53.32)	(137.80)
Increase (decrease) in liabilities due to cash pooling	21,435,675.61	(3,978,532.00)	25,414,207.61
Own resources			
Dividends (and interim dividend payments) paid	(4,500,000.00)	(4,000,000.00)	(500,000.00)
Cash flow from financing activities (C)	16,935,484.49	(7,978,585.32)	24,914,069.81
Increase (decrease) in liquid funds (A ± B ± C)	(1,334.43)	(611.46)	(722.97)
Cash and cash equivalents as at 1 January	8,418.65	9,030.11	(611.46)
Cash and cash equivalents as at 31 December	7,084.22	8,418.65	(1,334.43)

Notes

EXPLANATORY NOTES - FIRST PART

Preparation standards

The Financial Statements as at 31 December 2021, was prepared in compliance with the provisions of the Italian Civil Code, as amended by Italian Legislative Decree 139/2015, interpreted and supplemented by the accounting standards issued by the Italian Accounting Body ("OIC").

The Financial Statements consists of the Balance Sheet (prepared in compliance with the framework envisaged by art. 2424 and 2424-bis of the Italian Civil Code), the Profit and Loss Statement (prepared in compliance with the framework envisaged by arts. 2425 and 2425 bis of the Italian Civil Code), the Statement of Cash Flow (whose content, in compliance with art. 2425-ter of the Italian Civil Code, is filed pursuant to the provisions of Accounting Standard OIC 10) and these Notes to Financial Statements, prepared pursuant to the provisions of arts. 2427 and 2427-bis of the Italian Civil Code.

The following Notes to Financial Statements analyse and integrate the data of the Financial Statements with the additional information deemed necessary for a true and correct representation of the data illustrated.

When preparing the Financial Statements there were no extraordinary cases that required to resort to the exceptions envisaged by art. 2423 et seq. of the Italian Civil Code.

It should be noted that the Company does not hold treasury shares and shares of its controlling company.

Furthermore, it is noted that comments relevant to the nature of the activities carried out by the Company and the research and development activities are described in the Report on Operations to which reference is made, also for the information on relations with controlling companies and with other related parties and the other information envisaged by Article 2497 ter of the Italian Civil Code relevant to companies that exercise direction and coordination activities.

Direction and Coordination

As noted in the Management Report, the Company is subject to the direction and coordination of Mapei S.p.A. with registered office in via Cafiero 22 Milan, Italy, pursuant to arts. 2497 sexies and 2497 septies of the Italian Civil Code. The information on the last approved Financial Statements of the above Company is reported at the end of this document.

With regard to the information relevant to relations with the subject that carries out the Direction and Coordination activities and with the other companies subject to the same, as well as the effect that this activity had on company business and on its results, please refer to the Report on Operations. The same report also details, analytically, the reasons for the decisions made by the Company that were influenced by the subject that exercises Direction and Coordination activities.



Postulates and reporting standards

In compliance with the provisions of art. 2423 of the Italian Civil Code, the general postulates of clarity and the truthful and correct representation of the financial situation of the Company and the economic result for the year were observed in the preparation of the Financial Statements.

The recognition, valuation, presentation and disclosure of the items may differ from those regulated by the provisions of the law on financial statements in cases where their failure to comply has irrelevant effects on the true and fair representation of the financial situation of the Company and the economic result for the year. To this end, information is considered relevant, based on qualitative and/or quantitative aspects, when its omission or misstatement could reasonably influence the decisions made by users based on the Company's Financial Statements. Additional specific criteria adopted to define the concept of irrelevance are indicated in correspondence with the individual items of the Financial Statements when affected by its application. The relevance of each item is considered in the context of other similar items.

The principles set out by art. 2423-bis of the Italian Civil Code were also observed as shown below.

The valuation of the items of the Financial Statements was carried out prudently and on a going concern basis, as well as taking into account the substance of the transaction or contract. For each transaction or fact and, in any case, for all business events, the substance of the same was identified, regardless of its origin and possible interdependence of several contracts forming part of complex transactions was evaluated.

Profits indicated in the Financial Statements are exclusively those as at the reporting date.

Revenues and expenses shown are those pertaining to the financial year, regardless of the date of collection or payment.

Risks and losses pertinent to the year were taken into account, even if known subsequent to the reporting date.

Heterogeneous elements included in each item were valued and booked separately.

In compliance with art. 2423-ter, subsection 5 of the Italian Civil Code, for each item of the Balance Sheet and Profit and Loss Statement, the amount of the corresponding item of the previous year is shown. Should the items not be comparable, those of the previous year are appropriately adjusted and the non-comparability and adaptation or impossibility of this are reported and commented in these Notes to Financial Statements.

Pursuant to Article 2423 ter, subsection 2, of the Italian Civil Code, items preceded by Arabic numerals may be further broken down, without eliminating the item and corresponding amount; the same can be aggregated only when the aggregation, due to their amount, is irrelevant for a fair and true view of the financial position of the Company and the economic result for the year or when it favours the clarity of the Financial Statements. In this second case, the Explanatory Notes contain the grouped items separately.

Unless otherwise indicated, all amounts are expressed in thousands of Euro.

The amounts indicated in the annexes to these Notes to Financial Statements are expressed in Euro.

The information herein these Notes to Financial Statements relevant to the items of the Balance Sheet and related items of the Profit and Loss Statement are presented in the order in which the related items are reported in the Balance Sheet and Profit and Loss Statement, pursuant to art. 2427, subsection 2, of the Italian Civil Code.



Valuation criteria

The valuation criteria for the various items of the Financial Statements are in compliance with those established by art. 2426 of the Italian Civil Code and accounting standards of reference.

The valuation criteria applied have not changed with respect to the previous year.

The most significant valuation criteria and first-time application rules adopted are shown below, with a specific indication of the choices made among several accounting alternatives if allowed by the law.

Intangible fixed assets

Intangible fixed assets are recognised in the Balance Sheet assets when they are individually identifiable and their cost can be estimated with sufficient reliability. Intangible fixed assets are booked at purchase price or production cost, including accessory charges, net of amortisations and write-downs. Intangible fixed assets are amortised on a straight-line basis over their estimated useful life.

The Company, as at each reference date of the Financial Statements, values the presence of impairment indicators, should such indicators exist, it estimates the recoverable value of the asset and performs a write-down, pursuant to article 2426, subsection 1, number 3, of the Italian Civil Code, should the same result consistently lower than the net book value. Refer to the following paragraph “Write-downs for impairment of tangible and intangible fixed assets” for further details on their booking.

Start-up and expansion costs with ongoing use are booked under the assets with the consent of the Board of Statutory Auditors.

For intangible fixed assets, the amortisation period is at most equal to the statutory or contractual limit. If the Company expects to use the asset for a shorter period, useful life reflects such lesser period compared to the statutory or contractual limit for the purpose of calculating amortisation

The amortisation rates applied are as follows:

Intellectual property rights	33%
Concessions, licences, trademarks and similar rights	10%

Tangible fixed assets

Tangible fixed assets are booked at the purchase cost actually incurred for purchase or production and are recognised when risks and benefits are transferred, which normally coincides with the transfer of ownership. This cost includes the purchase cost, accessory purchase costs and all costs incurred to bring the asset to the place and in the conditions necessary for it to be a durable asset for the Company. The cost of production includes direct costs (materials and direct labour, design costs, external supplies, etc.), and general production costs, for the amount reasonably attributable to the asset for the period of its manufacturing up to the time that the asset is ready for use.

Tangible fixed assets, whose use is limited over time, are depreciated on a straight-line basis in each financial year in relation to their residual useful life.



Depreciation starts when the asset is available and ready for use.

The amount of depreciation attributable to each financial year refers to the distribution of the cost incurred over the entire estimated useful life.

The initial amount to be depreciated, initially estimated at the time of preparation of the sinking plan based on the prices available on the market through the sale of fixed assets similar both in terms of their technical characteristics and useful life, is reviewed periodically in order to check that the initial estimate is still valid. This amount is considered net of possible removal costs. Should the removal cost exceed the realisable value, the excess is set aside over the useful life of the asset by booking, pro rata, provisions for recovery or restoration or similar provisions.

The realisable value is not taken into account when it is considered meagre compared to the amount to be depreciated.

If the tangible fixed asset includes components, fixtures or accessories, with useful lives having a different duration than the main asset, the depreciation of these components is calculated separately from the main asset, unless this is not significant or practicable.

The company estimate of the useful life for the various classes of assets is the following:

	Years
Lands	indefinite useful life
Industrial buildings	20 - 30
Plants and machinery	5 - 19
Various small and laboratory equipment	3 - 5
Other assets	4 - 9

With regard to the increases for the year, depreciation of fixed assets has been determined by applying 50% of the rate, deemed representative of the average period of availability of the asset.

If, as at the reporting date, the fixed asset has suffered impairment and thus its value is lower than the book value, it is written down to this lower value. If in subsequent years the reasons for the write-down cease to exist, steps are taken to reinstate the original value, taking into account depreciations not calculated due to said write-down.

Ordinary maintenance costs are booked in full to the Profit and Loss Statement at the time they are incurred; maintenance costs that increase the production capacity or useful life are assigned to the assets to which they refer and are depreciated on the basis of their useful life.

Tangible fixed assets that the Company decides to sell are classified separately from tangible fixed assets in a separate item of current assets and measured at the net book value or the realisable value inferable from the market trend, whichever lower, without being further depreciated. This reclassification is made if the following requirements are met:

-
- the fixed assets can be sold at their current conditions or do not require changes such as to defer their disposal;
 - the sale seems highly probable in light of the initiatives undertaken, the expected price and market conditions;
 - the transaction should be completed in the short term.

The valuation criteria adopted for assets for sale is also applied to obsolete assets and in general to assets that will no longer be used or are usable in the production cycle.

Buildings have been revaluated on the basis of Italian Law 2 of 28 January 2009.

Write-downs due to impairment of tangible and intangible fixed assets

Write-downs due to impairment of tangible and intangible fixed assets are booked in compliance with Accounting Standard OIC 9.

At each reporting date, the company assesses if there is any indication that a fixed asset has suffered impairment. If such an indication exists, the recoverable amount of the fixed asset is estimated.

In particular, if the recoverable amount of a fixed asset (i.e. its value in use or fair value, whichever is higher) is less than its book value, the fixed asset is recognised at this lower value. The difference is recognised in the Profit and Loss Statement as impairment under item B10) c).

In order to consider whether an asset has been impaired, the Company at least checks for the existence of the following indicators:

- if the market value of an asset decreased significantly during the financial year, more than would have been expected to occur over time or with the normal use of the asset in question;
- if significant changes occurred or will occur during the financial year with a negative impact for the Company in the technological, market, economic or regulatory environment in which the Company operates or in the target market of the asset;
- if the market interest rates or other returns on investment increased during the year and it is likely that these increases will influence the discount rate used in the calculation of the value in use of an asset and significantly reduce the recoverable amount;
- if the obsolescence or physical damage of an asset is evident;
- if significant changes occurred during the year with a negative impact on the company (such as non-use of the asset, disposal or restructuring plans, redefinition of the useful life of the fixed asset), or are supposed to occur in the near future, to the extent or manner in which an asset is used or expected to be used.



If it is not possible to estimate the recoverable amount of the individual fixed asset, the recoverable amount of the cash-generating unit to which the fixed asset belongs is calculated. This occurs when individual fixed assets do not generate cash flows independently of other fixed assets. In this case, if the recoverable amount of the CGU is lower than its book value, the reduction of the book value of the assets that form the CGU is firstly recognised in the value of the goodwill allocated to the CGU and, subsequently, to the other assets on a pro rata basis, based on the book value of each asset belonging to the CGU.

In the absence of indicators of potential impairment, the recoverable amount is not determined. The impairment is reversed if the reasons for the write-down for impairment no longer exist and is carried out within the limits of the value that the asset would have had if the impairment had never occurred.

The write-down recognised on goodwill and on deferred charges cannot be reinstated in that not allowed by the regulations in force.

Investments

Investments are booked under financial fixed assets if they are expected to have a long-term continuity in the corporate portfolio, otherwise they are recognised in Current Assets.

Non-controlling long-term investments

Investments in non-controlled company companies are booked at purchase or incorporation cost, including any accessory charges. The cost incurred at the time of purchase of a long-term investment is maintained in the Financial Statements for subsequent years, unless impairment occurs. At each reporting date, the Company evaluates if there is any indication that an equity investment has suffered an impairment. The impairment is calculated by comparing the carrying amount of the investment with its recoverable amount, determined on the basis of expected future economic benefits to the economy of the participating company. The write-down for impairment no longer applies if the reasons for the write-down no longer exist.

Inventories

Inventories are booked at the lower between purchase or production cost and the estimated realisable value based on market performance, as at the reporting date, determined using the Weighted average cost method.

In addition to the invoice price, the cost includes accessory charges, such as customs, transportation and other direct taxes of that material, net of returns, trade discounts, allowances and bonuses.

The value of inventories thus obtained is written down in order to take into account the obsolescence of goods, as well as the actual possibilities of sale based on their handling.

The value of inventories is reinstated in the financial year in which the reasons for the previous write-down made cease to exist within the limits of the original cost incurred.



Receivables

Receivables arising from revenues for the sale of goods or the provision of services are recognised in current assets on an accruals basis when the conditions for recognising the related revenues occur.

Receivables arising for different reasons are booked when there is a “claim” to the receivable and, therefore, when they actually represent a third-party obligation towards the company; if financial, they are classified as financial fixed assets, with an indication of the amount payable within the next financial year.

Receivables are valued in the Financial Statements at amortised cost, taking into account the time factor, and within the limits of their estimated realisable value and, therefore, they are shown in the Balance Sheet net of the relevant provisions for bad debts considered appropriate to reasonably hedge expected losses due to non-recoverability.

If the interest rate of the transaction does not differ significantly from the market rate and is due within 12 months, the receivable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and includes of any costs directly attributable to the transaction which generated such receivable. These transaction costs, any commission receivable and payable and any difference between the initial value and the nominal value at maturity are spread over the duration of the loan using the effective interest method.

When the interest rate of the transaction inferable from contractual conditions is significantly different from the market rate, the receivable (and the corresponding revenue for commercial transactions) is initially booked at a value equal to the present value of the future cash flows plus any transaction costs. The rate used for discounting future cash flows is the market rate.

In the case of receivables arising from commercial transactions, the difference between the initial recognition value of the receivable so determined and the forward value is recognised in the Profit and Loss Statement as a financial income over the period of the receivable using the effective interest rate method.

In the case of financial receivables, the difference between cash and cash equivalents paid and the present value of future cash flows, determined using the market interest rate, is recognised under financial charges or income in the Profit and Loss Statement at the time of initial recognition, unless the substance of the transaction or contract does not lead to attributing a different nature to this component. Subsequently, the interest income accruing on the transaction is calculated at the effective interest rate and charged to the Profit and Loss Statement offsetting the credit value.

The value of the receivables is subsequently reduced due to the amounts received, both in terms of principal and interest, and due to any write-down bringing the receivables to their estimated realisable value or due to losses.

The Company assumes as not relevant the effects arising from the application of the amortised cost and the discounting when the expiry of the receivables is within 12 months, also taking into account all contractual and substantial considerations in place relevant to the recognition of the receivable for which the differential between the initial value and nominal value at maturity are of an insignificant amount.

It should be noted that the Company has not booked significant receivables in the Financial Statements due beyond 12 months.



Receivables due from Group companies

Items “C-II-2” and “C-II-4” include receivables from controlled companies and controlling companies, respectively, as defined pursuant to art. 2359 of the Italian Civil Code. These receivables are separately indicated in the Balance Sheet.

Receivables due from companies subject to joint control (so-called sister companies), other than controlled companies, associates and controlling companies, are recognised in item “C-II-5”.

Write off of receivables

A receivable is written off from the Financial Statements when:

- the contractual rights to the cash flows arising from the receivable expire;
- or the ownership of the contractual rights to the cash flows arising from the receivable is transferred and all the risks related to the receivable are basically transferred with it.

For the purposes of assessing the transfer of risks, all contractual clauses are taken into consideration, such as repurchase requirements when certain events occur or the existence of commissions, excesses and penalties due to non-payment.

When the receivable is written off from the Financial Statements following a disposal that implies the substantial transfer of all risks, the difference between consideration and recognition value of the receivable at the time of sale is recognised as a loss on disposal to be booked under the item B14 of the Profit and Loss Statement, unless the contract allows to identify other types of economic components, financial or otherwise.

Liquid funds

Bank, postal deposits and cheques (from a current account, banker’s drafts and similar instruments) are valued pursuant to the general principle of the estimated realisable value, which coincides with the nominal value in absence of hard to collect situations.

Cash and revenue stamps are valued at nominal value.



Cash pooling

Cash pooling, represented by the centralised management of the treasury by a company within a Group, makes it possible to optimise the use of financial resources and is characterised by outstanding liabilities and receivables due to/from the company that manages the cash pooling, respectively for withdrawals from the common current account and for the liquidity paid into it. The Company recognises receivables that are generated in the item “Financial assets for cash pooling” by indicating the counterpart, which can be the controlled company or controlling company, among Financial assets that are not fixed assets. If the receivables are not due in the short term, they are classified as Financial fixed assets. Any write-downs and revaluations of such receivables are booked in the Profit and Loss Statement, in the item “Write-downs of financial assets for cash pooling” and “Revaluations of financial assets for cash pooling” indicating the counterpart. Any debt position arising from a cash pooling is classified pursuant to the provisions of OIC 19 “Liabilities”.

Accruals and deferrals

These items include the portion of costs and income, common to two or more years, on an accrual basis. On the basis of this method, the recognition of an accrual or deferral occurs when the following conditions are met:

- the contract starts in a financial year and ends in a subsequent financial year;
- the consideration for the services is contractually due in advance or afterwards for services common to two or more consecutive periods;
- the amount of accruals and deferrals changes over time.

Income and prepayments do not include income and charges whose accrual is accrued in full in the financial year to which the Financial Statements refer or in subsequent years.

At the end of each financial year, it is verified whether the conditions that led to the initial recognition of the accrual or deferral are still met; if necessary, the required value adjustments are made. This assessment takes into account not only the passing of time but also the possible recoverability of the amount booked in the Financial Statements.

Shareholders' Equity

This item includes all financial transactions executed between the Company and subjects exercising their rights and duties as Shareholders.

Reserves for contingencies and other charges

“For Pension liabilities”: is relevant to the indemnity for the termination of agency relationships (qualified based on the National Collective Agency Agreements) and to Provisions for Junior Manager and Manager bonuses.



“For taxes”: includes probable taxes relevant to tax assessments in progress, determined taking into account the evolution of the interpretation both of legal theory and case law and also assessed by acquiring suitable professional opinions, and deferred taxes determined pursuant to that which is described in the section “Income taxes”.

“Others”: these mainly concern reserves for contingencies and other charges intended to cover known or likely losses or liabilities, the timing and extent of which however could not be determined as at the reporting date.

Provisions are quantified on the basis of estimates that take account of all items available, on an accrual basis and pursuant to the principle of prudence. These elements also include the time line when an exact requirement exists as at the reporting date, pursuant to a contractual or legal obligation, whose cash outlay can be reliably estimated and the contingency date, reasonably determinable, is sufficiently distant in time to render the current amount of the requirement as at the reporting date significantly different from the amount estimated at the time of the cash outlay.

No generic risk provisions were set up without economic justification.

Potential liabilities, if any, are recognised in the Financial Statement and booked in the provisions only if they are considered likely and if the amount of the related charge can be reasonably estimated. No provisions were made for remote risks, however, in the case of contingent liabilities considered possible, even if not probable, the Notes to Financial Statements included information on uncertainty, where relevant, which could cause loss, the estimated amount or the indication that it cannot be calculated and other possible effects as well as the indication of the opinion of the Company’s management and of its legal counsel and other experts, where available.

Provisions for severance indemnity

Provisions for severance indemnity are allocated to hedge the entire liability accrued towards employees in compliance with current laws and the collective labour and additional corporate agreements. This liability is subject to revaluation pursuant to art. 2120 of the Italian Civil Code.

Severance indemnity booked in the Financial Statements corresponds to the total amount of individual indemnities accrued by employees, including revaluations, net of advances paid, and taking into account the effects of the reform introduced by Italian Law 296 of 27 December 2006 (2007 Italian Finance Bill), concerning the allocation of Severance Indemnity (to the INPS Treasury or other chosen entities).

As a result of this reform, the amounts of Severance Indemnity accrued up to 31 December 2006, remain with the company and contribute to forming the provisions for severance indemnity allocated in the Financial Statements.

Starting from 1 January 2007, the amounts of Severance Indemnity accrued during the year are recognised in the Profit and Loss Statement and reflected, for the part still to be paid to the INPS Treasury Fund or to other funds, in current liabilities under item “D) 14”.



Liabilities

Liabilities from the purchase of goods are booked in the Balance Sheet when significant risks, charges and benefits connected to ownership have been substantially transferred. Liabilities for services are booked when the services have been supplied.

Financial liabilities for financing transactions and liabilities that arise for reasons other than the purchase of goods and services are booked when the Company has an obligation towards the counterpart, identified based on legal and contractual standards.

The item advances includes advances from customers for goods or services not yet supplied.

Liabilities are valued in the Financial Statements at amortised cost, taking into account the timing.

If the interest rate of the transaction is not significantly different from the market rate, the payable is initially booked for an amount equal to the nominal value net of all transaction costs, bonuses, discounts and allowances arising directly from the transaction that generated the payable. These transaction costs, i.e. accessory expenses to obtain loans, commissions receivable and payable and all differences between the initial value and nominal value at maturity are spread over the duration of the payable using the effective interest method.

When the interest rate of the transaction obtained from the contractual conditions is significantly different from the market rate, the payable (and corresponding cost for commercial transactions) is initially booked at an amount equal to the current value of future cash flows and taking into account any transaction costs. The rate used for discounting future cash flows is the market rate.

In the case of liabilities arising from commercial transactions, the difference between the initial recognition value of the payable so determined and the forward value is recognised in the Profit and Loss Statement as a financial expense over the period of the payable using the effective interest rate method. In the case of financial liabilities, the difference between the liquid funds used and the current value of future cash flows, determined using the market interest rate, is recorded among financial incomes or charges of the Profit and Loss Statement as at the date of initial valuation, unless the substance of the transaction or contract does not lead to attributing a different nature to this component. Subsequently, the interest payable accruing on the transaction is calculated at the effective interest rate and charged to the Profit and Loss Statement by offsetting the amount of the payable.

The amount of the liabilities is subsequently reduced for the amounts paid, both in terms of principal and interest.

The Company considers the effects arising from the application of the amortised cost and discounting as not relevant when the maturity of the liabilities is within 12 months, also taking into account all of the existing contractual and substantial considerations upon recognition of the payable, and the transaction costs and all other differences between the initial and nominal value at maturity are insignificant amounts. In this case, discounting is omitted, interest is calculated at nominal value, and transaction costs are recognised as deferrals and amortised on a straight-line basis over the period of the payable to adjust the nominal interest expense.

It should be noted that the Company has not booked any liabilities due after 12 months.



Liabilities due to Group companies

Items “D) 9” and “D) 11” include, respectively, liabilities due to controlled companies and controlling companies as defined pursuant to art. 2359 of the Italian Civil Code. These liabilities are indicated separately in the Balance Sheet.

Liabilities due to companies subject to joint control (so-called sister companies), other than controlled companies, associates and controlling companies, are recognised in item “D) 11-bis”.

Revenues

Revenues for the sale of goods are recognised on an accrual basis when both of the following conditions are met:

- the production process of goods and services was completed;
- the transfer has already taken place, i.e. the substantial and not formal transfer of the ownership occurred. For the sale of goods, this event is represented by the dispatch or delivery of the movables, whereas for goods requiring a public deed (real estate and movable properties) by the signing date of the purchase and sale agreement. In the case of services, the exchange is considered to have taken place when the service is rendered, i.e. the service is performed.

Revenues from the provision of services are recognised on the date on which the services are completed or, for those depending on contracts with periodic fees, on the date on which the fees accrue.

Sales revenues are recognised net of returns, discounts, allowances and bonuses, as well as net of taxes directly related to the sale of the products and the provision of services and revenue adjustments pertaining to the financial year are booked as a direct reduction of the item revenues. The item “income from ancillary activities/business” includes positive non-financial income items, deriving only from ancillary management.

Costs

Purchase costs are recognised on an accrual basis. Raw, ancillary materials, consumables and goods include accessory purchase costs (transport, insurance, loading and unloading, etc.) if included by the supplier in the purchase price, otherwise they are booked separately in services based on their nature.

Costs include those whose amount is certain and those still to be documented but for which the transfer of the property or service has already taken place.

Financial income and charges

Include all positive and negative components of the profit (loss) for the year relevant to the Company’s financing activities and are recognised on an accrual basis.



Dividends

Dividends are recognised when, subsequent to the resolution passed by the Shareholders' Meeting of the controlled company to distribute the profit or reserves, the right to collection arises for the participating company. The dividend is recognised as financial income, regardless of the nature of the reserves being distributed. The participating company verifies that, as a result of the distribution, the recoverable amount of the equity investment has not decreased to such an extent as to require the recognition of an impairment loss.

Income, deferred and prepaid taxes

Taxes for the year are determined based on the taxable income calculated using a prudent interpretation of current tax legislation.

Given that the Company participates in the tax consolidation, for which the Holding Mapei S.p.A. is the consolidating company, tax credits and liabilities (relevant to IRES) pertinent to the year are reclassified among the receivables and liabilities due to the controlling company.

In the event of a negative taxable income, the tax yield on these losses is booked, only in the case of verified capacity by the National Tax Consolidation regime.

Income taxes for the year relevant to IRAP are instead allocated to the item "tax liabilities", net of any advances paid.

In compliance with the provisions of the Italian Civil Code and accounting principles, as in previous years, deferred and prepaid taxes have been recognised.

In particular, prepaid taxes are recognised if there is reasonable certainty of their realisation. These taxes are calculated based on the tax rate for the year in which the temporary differences will be carried forward.

The tax benefit associated with the losses that can be carried forward, not recognised within the scope of the National Tax Consolidation regime, is booked in the Financial Statements only when the following conditions simultaneously exist:

- reasonable certainty exists of obtaining taxable income in the future that may absorb said losses that can be carried forward, within the period the same are deductible pursuant to tax laws;
- the losses in question arise from well-identified circumstances, and it is reasonably certain that such circumstances will not occur again.

Prepaid and deferred taxes are not discounted.



Translation of foreign currency items

Pursuant to art. 2426, subsection 1, no. 8-bis of the Italian Civil Code, monetary assets and liabilities in currencies other than the functional currency in which the financial statements are presented (so-called “coin of account”), subsequent to the initial valuation, are booked at the spot exchange rate as at the reporting date. The resulting exchange gains and losses are booked to the Profit and Loss Statement in item c17-bis) “exchange gains and losses” and any net gain, which forms the profit (loss) for the year, is set aside in a specific reserve that is not distributable until realised.

Non-monetary assets and liabilities in currencies other than the reporting currency are recorded at the exchange rate in force as at the time of purchase. If the exchange rate in force at the end of reporting period is significantly different from the one existing at the date of acquisition, the change in the exchange rate is one of the elements taken into consideration in the valuation process to determine the book value of individual non-monetary assets. Thus, any exchange rate differences (positive or negative) contribute to determining the recoverable amount.

With reference to the investments valued using the equity method, in which the underlying Financial Statements is expressed in foreign currency, the same are translated into the money of account in compliance with the provisions of OIC 17 “Consolidated Financial Statements and the equity method”, and subsequently, the investment is valued pursuant to the specific accounting discipline of the equity method.

Significant fluctuations are those that cannot be predicted in exchange rates subsequent to the reporting date with the foreign currencies to which the company is most exposed without hedges; significant fluctuations are not reported in this Financial Statements due to the fact that they are pertinent to the following year but are illustrated in the Notes to Financial Statements under the section “significant events subsequent to the reporting date”.

Changes to accounting standards

The change of an accounting standard is recognised in the year in which it is adopted and the relevant facts and transactions are handled in compliance with OIC 29 that is applied considering the effects retroactively. The change implies the accounting recognition of these effects on the opening balance of the Shareholders' Equity for the year.

For comparative purposes only, the opening balance of the previous year's equity and the comparative data for the previous year are adjusted as if the new accounting principle has always been applied. However, when the effects arising from the change of the standard are not significant, the Company may decide not to restate the comparative data.

When all else has failed and it is not feasible to calculate the previous effect, the company does not restate the comparative data and applies the new accounting principle prospectively.

The relevant effects deriving from the adoption of the new standards on the Balance Sheet, Income Statement and Statement of Cash Flow were shown and commented in these Notes to Financial Statements next to the Notes to Financial Statements specifically relevant to the items of the Financial Statements concerned.

Assets

FIXED ASSETS

Intangible fixed assets

The following is a breakdown of the net amounts as at 31 December 2021 and 31 December 2020:

Description	Industrial patents and intellectual property rights	Grants, licences, trademarks and similar rights	Total
Historical Cost	16,385	295,205	311,590
Amortisation (amortisation fund)	16,305	137,830	154,135
31/12/2020	80	157,375	157,455
Increases for purchases	8,001	0	8,001
Amortisations/Depreciations	4,081	33,120	37,201
31/12/2021	4,000	124,255	128,255
Historical Cost	24,386	295,205	319,591
Amortisation (amortisation fund)	20,386	170,950	191,336
31/12/2021	4,000	124,255	128,255

The most significant amount in “Concessions, licenses, trademarks and similar rights” refers to licenses acquired in 2017 by Mapei S.p.A. (at the historic cost of € 240 thousand) for the use of the new operating system (note that as part of the IT system used by the Company, on 1 January 2017 it completed the transition from the “AS400” platform to the Microsoft Dynamics architecture called “AX”, already used by the controlling company). These are amortised over 8 years.

Tangible fixed assets

The following is a breakdown of the net amounts as at 31 December 2021 and 31 December 2020.

Description	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other	under construction and advances	Total
Historical Cost	20,738,306	118,365,999	1,432,111	3,649,677	2,161,191	146,347,284
Revaluations	3,948,000	44,791,077	0	0	0	48,739,077
Amortisation (amortisation fund)	13,085,643	130,740,463	1,348,062	3,416,884	0	148,591,052
31/12/2020	11,600,663	32,416,613	84,049	232,793	2,161,191	46,495,309
Increases for purchases	22,314	55,924	5,758	44,156	3,167,152	3,295,304
Reclassifications	460,619	1,718,568	108,644	5,940	-2,293,771	0
Decreases	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Amortisations/Depreciations	778,315	3,671,122	88,309	79,805	0	4,617,551
31/12/2021	11,305,281	30,519,983	110,142	203,084	3,034,572	45,173,062
Historical Cost	21,221,239	120,140,491	1,546,513	3,699,773	3,034,572	149,642,588
Revaluations	3,948,000	44,791,077	0	0	0	48,739,077
Amortisation (amortisation fund)	13,863,958	134,411,585	1,436,371	3,496,689	0	153,208,603
31/12/2021	11,305,281	30,519,983	110,142	203,084	3,034,572	45,173,062

The net decrease of € 1,322 thousand was mainly the result of capital expenditure of € 3,295 thousand, net of total depreciation of € 4,618 thousand.

Investments were made at both production sites and were aimed at upgrading both production equipment and infrastructure:

Villadossola Plant

- extraordinary maintenance on the “EVA” system, for € 672 thousand;
- installation of an automatic packaging line at the “Spray Dryer” production line, for € 513 thousand;
- adjustments to guarantee the continuity of the “EVA” system (replacement of pumps and pipes), for € 137 thousand;
- renovation of equipment in the Analysis Laboratory, for € 75 thousand.

Ravenna plant

- interventions on the “Dynamon” production line in order to produce new finished products, for € 140 thousand;
- replacement of the “Dynamon R701 polymerisation reactor”, for € 86 thousand;
- interventions to cope with the increase in the production capacity of the “Suspending Agents” line, for € 67 thousand;
- installation of a new high pressure water pump for washing emulsion reactors and installation of a centrifugal pump for raising water (to guarantee a minimum suction pressure), for € 41 thousand.

Information on monetary revaluations

Pursuant to art. 10 of law 72/83 and art. 11 of Law 342/2000, we report in the following table the list, divided by category, of the assets included in the Company's assets as at 31.12.2021, on which monetary revaluations have been carried out, with reference to the related regulations.

Description	Italian Law 266 of 23/12/2005	Italian Law 2 of 28/01/2009	Italian Law 126 of 13/10/2020	Total revaluations
Land and buildings	0	3,948,000	0	3,948,000
Plants and machinery	44,790,982	0	22,271,683	67,062,665
Industrial and commercial equipment	0	0	0	0
Other assets	0	0	0	0
Total	44,790,982	3,948,000	22,271,683	71,010,665

Financial fixed assets

The breakdown of financial fixed assets amounted to € 19,170 thousand (the same amount as at 31 December 2020).

Financial fixed assets refer exclusively to investments in subscription and other companies. Investments are entered at purchase cost, net of any write-downs made.

Description	Controlled companies	Investments in other companies	Total
Historical Cost	19,974,390	195,995	20,170,385
Revaluations	0	0	0
Write-downs	1,000,000	0	1,000,000
31/12/2020	18,974,390	195,995	19,170,385
Increases for purchases	0	0	0
Decreases	0	0	0
31/12/2021	18,974,390	195,995	19,170,385

Pursuant to art. 2426, subsection 1, no. 3 of the Italian Civil Code, it is noted that the stake in Vinavil Egypt for Chemicals SAE is booked for a higher amount compared to that of the amount of equity held by Vinavil S.p.A. (for 74.97%), as shown in the 2021 financial statements of Vinavil Egypt for Chemicals, which is in the process of being approved (on the basis of the pre-closing data as at 31/12/2021, the figures summarised in the table proposed in the section on “Details of long-term investments in controlled companies” are expected). The expected result for FY 2021 after taxes is a profit of approximately 41.8 million Egyptian lira or € 2.3 million.

The Company is adhering to its expected growth and development plans; no indicators of impairment were identified at 31/12/2021, and, consequently, no impairment test has been carried out.

The item investments in “other companies” is represented by the:

- investment for a nominal value of € 195,909 equal to 3.5% in Ravenna Servizi Industriali soc. cons. p. a., for a cost of € 195,909;
- the purchase executed in 2017 for a 0.05% stake in Mapei Egypt for Constructio Chemicals, equal to 10 shares, for a nominal amount of USD 100 for a value of € 85.87

Breakdown of non-current investments in controlled companies

For the comparison between the book value and the share of shareholders' equity attributable to Vinavil S.p.A. please refer to the following table, which also indicates the main data of the controlled company.

Name	Shareholders equity as at 31.12.2021	Profit (loss) as at 31.12.2021	Shareholders equity as at 31.12.2021	Stake	Exchange rate as at 31.12.2021	Amount due	Carrying amount in the Financial Statements
	<i>(in foreign currency)</i>	<i>(in foreign currency)</i>	<i>(in Euro)</i>			<i>(in Euro)</i>	<i>(in Euro)</i>
Vinavil Egypt for Chemicals SAE	57,818,238	41,790,289	3,247,997	74.97%	17.8012	2,435,023	18,974,390
Share Capital: EGP 66,000,000							

Current assets

Inventories

The following is a breakdown of inventories as at 31 December 2021 and 31 December 2020:

Description	31/12/2020	Changes	31/12/2021
Raw, ancillary materials and consumables	9,241,133	11,753,227	20,994,360
Finished products and goods	6,578,574	3,542,824	10,121,398
Total Inventories	15,819,707	15,296,051	31,115,758

The inventories recorded in the Financial Statements include the inventories at the Company, inventories owned by the Company at third parties and goods in transit for which the Company has already acquired title.

Raw and ancillary materials, relating to materials intended for processing, increase compared to the previous year by € 11,753 thousand; this increase is mainly attributable to the increase in the prices of the main monomers, in particular VAM (Vinyl Acetate Monomer, or the main material used in the Company's production cycles) which during the year recorded a +170% in terms of price compared to 2020, and in part to an increase of € 5,709 thousand in goods travelling also in this case attributable to VAM.

The increase compared to the previous year in finished products intended for resale is also mainly attributable to the increase in the price of raw materials.

The valuation of the inventories is carried out using the weighted average cost method.

The amounts booked in the provision for bad debts relate to non-recent inventories and bring the value of these products to the lower of cost and presumed realisable value.

Changes in the inventory write-down provision are as follows (amounts in thousands of €):

	Balance as at 31.12.2020	allocations	uses	Balance as at 31.12.2021
Finished Products	48	125	-48	125
Total	48	125	-48	125

Receivables booked in current assets

Receivables included within the current assets amount to € 60,226,012 (€ 38,624,181 for the previous year).

The breakdown is as follows:

Description	Due within 12 months	Due beyond 12 months	Nominal value	Provisions for bad debts	Net Value
Trade receivables	36,065,393	0	37,331,265	-1,265,872	36,065,393
Due from controlled companies	68,205	0	68,205	0	68,205
Due from associates	0	0	0	0	0
Due from Parent Companies	8,967,838	0	8,967,838	0	8,967,838
Due from companies subject to control by controlling companies	14,160,662	0	14,160,662	0	14,160,662
For tax credits	480,150	103,671	583,821	0	583,821
For prepaid taxes	0	0	338,721	0	338,721
Due from others	41,372	0	41,372	0	41,372
Total receivables booked in current assets	59,783,620	103,671	61,491,884	-1,265,872	60,226,012

Below are the data relevant to the breakdown of receivables by maturity, pursuant to art. 2427, subsection 1, number 6 of the Italian Civil Code.

Description	31/12/2020	Change during the year	31/12/2021	Due within 12 months	Due beyond 12 months	Due beyond 5 years
Trade receivables	22,317,030	13,748,363	36,065,393	36,065,393	0	0
Due from controlled companies	774,638	-706,433	68,205	68,205	0	0
Due from associates	0	0	0	0	0	0
Due from Parent Companies	5,849,115	3,118,723	8,967,838	8,967,838	0	0
Due from companies subject to control by controlling companies	8,135,201	6,025,461	14,160,662	14,160,662	0	0
For tax credits	965,481	-381,660	583,821	480,150	103,671	0
For prepaid taxes	320,582	18,139	338,721			
Due from others	262,134	-220,762	41,372	41,372	0	0
Total receivables booked in current assets	38,624,181	21,601,831	60,226,012	59,783,620	103,671	0

Breakdown of receivables booked in current assets by geographical area.

Geographical area	Customers	Controlled companies	Controlling companies	Subject to control by controlling companies	Taxes	Prepaid taxes	Other	Total
Italy	23,064,693	0	8,967,838	34,751	583,821	338,721	41,372	33,031,196
Foreign	13,000,700	68,205	0	14,125,911	0	0	0	27,194,816
Total	36,065,393	68,205	8,967,838	14,160,662	583,821	338,721	41,372	60,226,012

Trade receivables

“Trade receivables”, which do not include any amounts due beyond the following year, arise from normal sales transactions

In the Financial Statements there are trade receivables in foreign currency for € 574 thousand; the main currencies are USD and GBP.

There are no receivables with a residual duration of more than one year.

“Provisions for bad debts” adjusts the gross value of accounts receivable to their estimated realisable value on the basis of overall assessments that take into account the risks of insolvency linked mainly to specific factors. The provision reflects a prudent assessment in relation to the risks of non-payment of these receivables, also in consideration of the entity of the overdue amount and the agreements made; the changes to the provision during the year are as follows:

Balance as at 31/12/2020	1,272,135
Use	6,263
Allocation for the year	0
Balance as at 31/12/2021	1,265,872

Receivables due from controlled companies

They amount to € 68 thousand (€ 775 thousand as at 31 December 2020) and are all commercial in nature.

The decrease in the position compared to the previous year is due to the collection during 2021 of dividends from Vinavil Egypt for Chemicals SAE, for a total of € 653 thousand, of which:

- € 441 thousand refer to dividends approved in 2017;
- € 212 thousand refer to dividends approved in 2018.

Receivables due from the Controlling company

“Receivables due from the Controlling company” Mapei S.p.A., all due within 12 months, amounted to € 8,968 thousand (€ 5,849 thousand as at 31 December 2020); refer exclusively to commercial transactions executed with the controlling company, which are regulated on an arm’s-length basis.

Receivables due from companies subject to the control of Controlling companies

These are receivables from companies controlled by Mapei S.p.A.; all due within 12 months and amount to € 14,161 thousand (€ 8,135 thousand as at 31 December 2020).

The following is the breakdown by geographical area:

- Italy 0.25%;
- EU equal to 15.21%;
- Non-EU equal to 84.54%.

Tax credits

Tax receivables, due within 12 months, amount to € 480 thousand (€ 951 thousand as at 31 December 2020), of which:

- € 229 thousand: for VAT;
- € 149 thousand: for “Research and development” tax credit remaining from the previous tax return;
- € 51 thousand: refers to the IRES credit for “investments in new capital goods” (Italian Law 178/2020 - “Italian Budget Law 2021”);
- € 24 thousand: equal to the tax credit available in 2022 following the payments made during the year and in the years 2019 and 2020 to support the Italian public cultural heritage;
- € 17 thousand: refers to the IRES credit for “investments in new capital goods” (Italian Law 160/2019 - “Italian Budget Law 2020”);
- € 3 thousand: refers to the IRES credit for “the sanitisation and purchase of protective devices”, as part of the measures adopted to deal with the Covid-19 pandemic emergency (Italian Law 106/2021);
- € 1 thousand: refers to the IRES credit for “investments in new capital goods - 4.0” (Italian Law 160/2019 - “Italian Budget Law 2020”);
- € 6 thousand: for the IRES tax credit outstanding from the previous tax return.



Tax receivables due beyond 12 months, amounting to € 104 thousand (€ 15 thousand as at 31 December 2020), of which:

- € 52 thousand: refers to the IRES credit for “investments in new capital goods” (Italian Law 160/2019 - “Italian Budget Law 2020”);
- € 2 thousand: refers to the IRES credit for “investments in new capital goods - 4.0” (Italian Law 160/2019 - “Italian Budget Law 2020”);
- € 25 thousand: refers to the IRES credit for “investments in new capital goods” (Italian Law 178/2020 - “Italian Budget Law 2021”);
- € 25 thousand: equal to the tax credit that can be used following the disbursements incurred during the year and in 2020 in support of the Italian public cultural heritage.

Prepaid tax credits

The item refers to the booking of prepaid taxes (€ 339 thousand). Details including deferred taxes under item “B 2)” of the liabilities and the related economic effect are reported in the annex in the paragraph of the Profit and Loss Statement “Current, deferred, prepaid and income taxes”, to which we refer you for further details.

Prepaid taxes mainly consist, in view of amortisation on the revaluation of buildings (carried out in 2008) which are not tax deductible, of the provision for other risks and charges and of the provision for bad debts on inventory.

On the basis of future income-earning prospects, no doubts have emerged on the recoverability of these prepaid taxes.

Other receivables

Receivables due from others, all within 12 months, amount to € 41 thousand (€ 262 thousand as at 31 December 2020), and are broken down in the table below:

Description	31/12/2020	Change during the year	31/12/2021
- Receivables from employees	236,179	-229,956	6,223
- Advances to suppliers	0	0	
- Security deposits	19,804	556	20,360
- Other	6,151	8,638	14,789
Total	262,134	-220,762	41,372



Current financial assets

Changes in current financial assets

They consist of available funds necessary for normal treasury management.

The Company has a cash pooling contract to optimise the use of financial resources with the controlling company, Mapei S.p.A. The cash pooling technique used is the zero balance technique. This is a particular procedure which, by centralising in the hands of the pooler (Mapei S.p.A.) the daily balances of the transactions carried out by the companies participating in the agreement, implies a real, and not merely virtual, transfer of the balances of the company's bank accounts, whether positive or negative, into the cash pooling account. The balances of the Company's bank accounts are, therefore, cleared daily as they are transferred to Mapei S.p.A..

For the purposes of the correct representation in the Financial Statements, as provided for by OIC 14, the balance is not considered as liquidity, but rather as an existing receivable from the pooler that manages the cash pooling contract and is recognised in a specific item included in "Non-current financial assets", called "Financial assets for centralised treasury management" with indication of the counterpart, pursuant to art. 2423 ter, subsection 3. Should the collectability of this item be beyond 12 months, it would be classified under (Financial fixed assets).

The credit balance of the cash pooling as at 31 December 2021, included in the item "Financial assets for centralised treasury management towards Controlling company", was € 1,065 thousand (€ 9,261 thousand as at 31 December 2020).

The decrease in the position is the result of the negative cash flows from operations strongly influenced by the increase in the cost of raw materials, the transfer to the Controlling company of the previous year's IRES debt due to the adhesion to the tax consolidation, the payment of income taxes for I.R.A.P. purposes, the payment of dividends, and the technical investments made during the year.

Liquid funds

Amount to € 7 thousand (€ 8 thousand as at 31 December 2020).

They consist of available funds necessary for normal treasury management.

Description	31/12/2020	Change during the year	31/12/2021
Bank and post office deposits	0	0	0
Cheques	0	0	0
Cash and other cash on hand	8,419	-1,335	7,084
Total liquid funds	8,419	-1,335	7,084

ACCRUED INCOME AND PREPAID EXPENSES

Amount to € 159 thousand (€ 117 thousand as at 31 December 2020) and essentially refer to insurance premiums and portions of fees pertaining to the following year.

Description	31/12/2020	Change during the year	31/12/2021
Accrued income	0	0	0
Deferred income	117,003	41,637	158,640
D) Accruals and deferrals	117,003	41,637	158,640

Liabilities

Shareholders' equity

The changes for the year are:

- that provided for by the Shareholders' Meeting of 14 June 2021, which resolved to allocate the entire profit for FY 2020, for the amount of € 9,956 thousand, to the equity item "Profits (losses) carried forward", and to release the item "Reserve for net unrealised gains on foreign exchange" (pursuant to art. 2426 no. 8-bis of the Italian Civil Code) for the amount of € 62 thousand by transferring this amount to the item "Profits (losses) carried forward";
- the one envisaged by the Shareholders' Resolution dated 19 November 2021, which ordered the distribution of a dividend for a total of € 4,500 thousand from the item "Retained earnings".

During the year, the aforementioned revaluation reserve pursuant to Italian Law 126/2020 was recognised for € 21,604 thousand.

Shareholders' Equity as at the reporting date is broken down as follows:

Description	Year opening balance	Dividend allocation	Other allocations	Increases for purchases	Decreases	Reclassifications	Result for the year	Value as at year-end
I - Capital	6,000,000	0	0	0	0	0	0	6,000,000
III - Revaluation reserves	64,849,156	0	0	0	0	0	0	64,849,156
IV - Legal reserve	1,200,000	0	0	0	0	0	0	1,200,000
VI - Other reserves								
Reserve for unrealised exchange gains	155,820	0	0	0	61,622	0	0	94,198
Miscellaneous other reserves	4,832,465	0	0	0	0	0	0	4,832,465
Total other reserves	4,988,285	0	0	0	61,622	0	0	4,926,663
VIII - Profits (losses) carried forward	12,795,263	4,500,000	9,956,317	61,622	0	-1	0	18,313,201
IX - Profit (loss) for the year	9,956,317	0	-9,956,317	0	0	0	10,278,616	10,278,616
Total Shareholders' Equity	99,789,021	4,500,000	0	61,622	61,622	-1	10,278,616	105,567,636



Share Capital

The share capital as at 31 December 2021 amounted to € 6,000, fully paid in, and is represented by 6,000,000 ordinary shares with a nominal value of € 1 each.

Revaluation reserves

The revaluation reserve, Italian Law 266/2005, is composed of the amount of the revaluation for € 44,791 thousand, net of the 12% substitute tax.

The revaluation reserve, Italian Law 2/2009, is composed of the amount of the revaluation for € 3,948 thousand, net of the 3% substitute tax.

The revaluation reserve, Italian Law 126/2020, is composed of the amount of the revaluation for € 22,272 thousand, net of the 3% substitute tax.

Legal reserve

The legal reserve amounts to € 1,200 thousand and is made up by provisions for profits and has reached the limit of 20% of the share capital.

Other reserves

Other reserves amount to € 4,926 thousand, of which:

- € 4,832 for the Realignment reserve: consists of the amount of the accelerated depreciation tax provisions as at 31/12/2004 for € 5,491 thousand net of the 12% substitute tax;
- € 94 thousand for Reserves pursuant to art. 2426 no. 8 bis of the Italian Civil Code.

Description	Amount
Tax realignment reserve Law 266/2005	4,832,465
Reserve ex art. 2426, point 8 bis of the Italian Civil Code	94,198
Total miscellaneous other reserves	4,926,663

Availability and use of Shareholders' Equity

The information required by article 2427, subsection 1, number 7-bis of the Italian Civil Code, relevant to the specification of the Shareholders' Equity items, with reference to their origin, possibility of use and distribution, as well as their use in previous years, are inferable from the tables below:

Nature / Description	Amount	Origin / nature	Possibility of use (*)	Amount available	Effective uses in the 3 prev. years for loss coverage	Effective uses in the 3 prev. years for other reasons
Share Capital	6,000,000			0	0	0
Revaluation reserves	64,849,156	Capital reserve	A - B - C	64,849,156	0	0
Legal reserve	1,200,000	accumulated income reserve	B	0	0	0
Other reserves						
Reserve for unrealised exchange gains	94,198	accumulated income reserve	A - B	0	0	0
Miscellaneous other reserves	4,832,465	accumulated income reserve	A - B - C	4,832,465	0	0
Total other reserves	4,926,663			4,832,465	0	0
Profits carried forward	18,313,201	accumulated income reserve	A - B - C	18,313,201	2,441,761	13,000,000
Total	95,289,020			87,994,822	2,441,761	13,000,000
Unavailable amount	0			31,735	0	0
Residual available amount	0			87,963,087	0	0

(*) A: capital Increase; B: loss coverage; C: distribution to shareholders

Description	Amount	Origin	Possibility of uses	Available amount	Summary of uses during the three previous years to cover losses	Summary of uses during the three previous years for other reasons
Tax realignment reserve Law 266/2005	4,832,465	accumulated income reserve	A - B - C	4,832,465	0	0
Reserve ex art. 2426, point 8 bis of the Italian Civil Code	94,198	accumulated income reserve	A - B	0	0	0
Total miscellaneous other reserves	4,926,663			4,832,465		

(*) A: capital Increase; B: loss coverage; C: distribution to shareholders

To complete the disclosure, the transactions that occurred in the equity accounts in the two previous years are shown here below:

Changes	Share capital	Legal reserve	other reserves	Profit and loss carried forward	operating result	Total
balance as in the Financial Statements as at 31.12.2018	6,000,000	1,200,000	48,083,944	19,868,278	-2,441,761	72,710,461
<i>allocation of the operating result</i>						
loss coverage for FY 2018				-2,441,761	2,441,761	
other changes						
dividend distribution				-5,000,000		-5,000,000
profits on foreign exchange from previous years			-5,855	5,855		0
2019 operating result					4,518,710	4,518,710
balance as in the Financial Statements as at 31.12.2019	6,000,000	1,200,000	48,078,089	12,432,372	4,518,710	72,229,171
<i>allocation of the operating result</i>						
loss coverage for FY 2018				4,518,710	-4,518,710	0
other changes			21,603,533			21,603,533
dividend distribution				-4,000,000		-4,000,000
profits on foreign exchange from previous years			155,819	-155,819		0
2020 operating result					9,956,317	9,956,317
balance as in the Financial Statements as at 31.12.2020	6,000,000	1,200,000	69,837,441	12,795,263	9,956,317	99,789,021

Provisions for risks and charges

Composition and movements of the individual items are represented as follows:

Description	Year opening balance	Allocation	Use	Total changes	Value as at year-end
Provisions for pension liabilities and other obligations	1,767,228	136,480	163,567	-27,087	1,740,141
Deferred tax fund	30,509	7,616	30,509	-22,893	7,616
Other	433,926	0	0	0	433,926
Total provisions for risks and charges	2,231,663	144,096	194,076	-49,980	2,181,683

“**Provisions for pension liabilities and other obligations**” refer to the “Provisions for Supplementary Customer Allowances”, which represents the overall amounts accrued envisaged by the collective bargaining agreement that regulates the agency relationship and “Provisions for Junior Manager and Manager bonuses”.

During 2021, it developed as follows (values in thousands of €):

Description	Indemnity for agents and customers	Bonus provisions for Junior Managers and Managers	Total
Balance as at 31.12.2020	59	1,708	1,767
Use for the year	0	164	164
Provisions for the year	4	133	137
Balance as at 31.12.2021	63	1,677	1,740

“Tax provisions” developed as follows (values in thousands of €):

Description	Deferred taxes	Total
Balance as at 31.12.2020	30	30
Provisions for the year	8	8
Uses	-30	-30
Balance as at 31.12.2021	8	8

The “Provision for deferred taxes” consists of “assumed exchange gains”, managed exclusively in the tax return for € 8 thousand.

The decrease in the tax provision refers to the effects deriving from the reversal of deferred tax relating to the portion of dividends resolved by the controlled company in 2017 and 2018 and collected during 2021.

“Sundry risks provisions” (€ 434 thousand) covers the probable liabilities to the charge of the company for risks relevant to any return of income arising from activities linked to energy efficiency certificates.

These provisions were valued pursuant to the principle of prudence and on an accruals basis.

Severance indemnity

Employee leaving indemnity Provisions as at 31 December 2021 amounted to € 720 thousand (€ 793 thousand at 31 December 2020) and corresponds to the total amount of Leaving Indemnity accrued by employees in service at the end of 2021, net of advances pursuant to article 1 of Italian Law 297 of 29 May 1982.

Utilisations mainly comprise transfers to social security funds in the amount of € 1,108 thousand, transfers to the INPS treasury fund in the amount of € 25 thousand, and indemnities paid and advanced during the year in the amount of € 102 thousand.

The change during the year was as follows:

Severance indemnity, changes for the year	Amount
Year opening balance	792,796
Allocation	1,165,687
Use	1,238,228
Total Changes	-72,541
Value as at year-end	720,255

Liabilities

Liabilities are recorded in liabilities for a total of € 48,501,955 (€ 26,840,371 in the previous year).

Changes and maturity of liabilities

Below are the data relating to the breakdown of liabilities by maturity, pursuant to art. 2427, subsection 1, number 6 of the Italian Civil Code:

Description	31/12/2020	Changes	31/12/2021	Due within 12 months	Due beyond 12 months	Beyond 5 years
Liabilities to banks	1,353	-191	1,162	1,162	0	0
Liabilities to suppliers	17,453,333	7,768,570	25,221,903	25,221,903	0	0
Liabilities due to controlled companies	0	12,478	12,478	12,478	0	0
Liabilities to controlling companies	4,228,088	14,032,105	18,260,193	18,260,193	0	0
Liabilities to companies subject to control by controlling companies	25,076	15,524	40,600	40,600	0	0
Taxes payable	1,471,340	-322,524	1,148,816	926,099	222,717	0
Liabilities to social security and welfare institutions	590,052	146,748	736,800	736,800	0	0
Sundry liabilities	3,071,129	8,874	3,080,003	3,080,003	0	0
Total	26,840,371	21,661,584	48,501,955	48,279,238	222,717	0

There are no liabilities with a residual duration of more than one year.

There are no liabilities secured by collateral on Company assets.

Breakdown of liabilities by geographical area

Below are the data relevant to the breakdown of liabilities by geographical area, pursuant to art. 2427, subsection 1, number 6 of the Italian Civil Code:

Geographical area	Italy	Foreign	Total
Liabilities to banks	1,162	0	1,162
Liabilities to suppliers	12,118,654	13,103,249	25,221,903
Liabilities represented by debt securities	0	0	0
Liabilities due to controlled companies	0	12,478	12,478
Liabilities due to controlling companies	18,260,193	0	18,260,193
Liabilities to companies subject to control by controlling companies	0	40,600	40,600
Taxes payable	1,148,816	0	1,148,816
Liabilities due to social security and welfare institutions	736,800	0	736,800
Sundry liabilities	3,080,003	0	3,080,003
Total liabilities by geographical area	35,345,628	13,156,327	48,501,955

Liabilities to suppliers

“Trade liabilities” are booked for € 25,222 thousand (€ 17,453 thousand in 2020) and refer to the supply of goods and services, brokerage and consulting; the balance as at 31 December includes € 6,754 thousand for invoices to be received.

The balance of the item “trade liabilities” increased significantly compared to the previous year due to the increase in prices of raw materials.

Credit notes receivable have been deducted from the balance of this item of the Financial Statements given that they can be legally offset against supplier invoices.

The item includes liabilities in foreign currencies not forming part of the Eurozone for a total of € 37 thousand, mainly in USD.

Liabilities due to controlled companies

Liabilities for the year, amounting to € 12 thousand, to the controlled company Vinavil Egypt for Chemicals are of a commercial nature. The balance as at 31 December 2020 was zero.



Liabilities due to the Controlling company

“Liabilities to the Controlling company” Mapei S.p.A. as at 31 December 2021 amounted to € 18,260 thousand (€ 4,228 thousand in 2020); the increase was mainly due to the negative balance (€ 13,239 thousand) of cash pooling account.

In detail they concern:

- for € 13,239 thousand, balance of the cash pooling account;
- for € 2,153 thousand, commercial transactions and provision of services;
- for € 2,868 thousand, the amount of tax debt transferred to the controlling company as a result of participating in the tax consolidation (€ 3,082 thousand), net of the residual consolidated income transferred in 2018 (€ 214 thousand). The amounts of the aforementioned receivables will be liquidated by the controlling company at the same time as the use by the same of the tax losses to which the receivables refer.

Liabilities due to companies subject to the control of Controlling companies

Liabilities due from Group companies amount to € 41 thousand (€ 25 thousand in 2020) and are all of a commercial nature and due within 12 months.

Taxes payable

The balance as at 31 December 2021 amounted to € 1,149 thousand (€ 1,471 thousand in 2020).

The item “tax liabilities” due within the next year includes the payable:

- of € 650 thousand for withholdings made to professionals and employees;
- of € 223 thousand for substitute tax relating to the second instalment on the revaluation carried out in 2020 [we remind you that the Company had revaluated the plant and machinery of the Villadossola and Ravenna sites, adjusting them to the market value estimated at a total of € 27,220 thousand, based on a special appraisal prepared by an external consultant specialised in this field, for which a specific revaluation reserve was recognised in the financial statements. In order to make revaluation relevant not only for statutory purposes but also for tax purposes, this reserve was simultaneously reduced by 3% to recognise the specific tax liability for substitute tax, which, as required by law, will be paid in 3 annual instalments starting from June 2021];
- of € 53 thousand for I.R.A.P.

The item “taxes payable” due beyond the following year includes the residual debt of € 223 thousand for the third and final instalment of the 3% substitute tax on the revaluation carried out as described above to be paid by June 2023.

Liabilities due to social security and welfare institutions

Amount to € 737 thousand and are mainly represented by contributions relevant to ordinary salaries for December 2021, and to the contributions on additional monthly salaries for the amount pertinent to the year.

Sundry liabilities

Amount in total to € 3,080 thousand as at 31 December 2021 (€ 3,071 thousand in 2020) and mainly include the amounts due to employees relevant to remuneration and liabilities for vacation entitlement accrued and not taken of € 706 thousand, the accrual of the 14th month wage of € 746 thousand and the participation bonus of € 863 thousand.

Financial charges allocated to the amounts booked in the assets of the Balance Sheet

All financial charges are allocated to the Profit and Loss Statement, therefore, there are no financial charges allocated to asset entries of the Balance Sheet.

ACCRUALS AND DEFERRALS

Introduction, information on accrued expenses and deferred income

These amount to € 73 thousand (as at 31 December 2020, there were no accrued expenses and deferred income) and mainly refer to the effects of accounting for grants for plant recognised against tax credits for investments in new capital goods (Italian Law 160/2019 and Italian Law 178/2020), as better detailed in the corresponding item of the Balance Sheet ("Tax credits" item "C II - 5) bis)") to which reference should be made, which took place using the indirect method; the grants are entirely recognised in the Income Statement under item "A) 5- Other revenues and income" and the portion pertaining to subsequent years, determined in proportion to the amortisation/depreciation rate deducted in the year, is deferred by booking the corresponding amount in the item "Deferred income", as an adjustment of the amount already booked in the Income Statement.

Description	31/12/2020	Change during the year	31/12/2021
Accrued liabilities	0	0	0
Deferred income	0	72,673	72,673
E) Accruals and deferrals	0	72,673	72,673

Profit and Loss Statement

Value of production

Revenues from sales and services

Revenues from sales and services as at 31 December 2021 amounted to € 246,849 thousand, compared to € 163,667 thousand for the previous year, with a decrease of € 83,182 thousand (+50.8%).

For further details on the change and its reasons, please refer to the Management Report.

Sales are stated net of trade discounts and consumption bonuses as at year end.

Areas of activity	Current year value	Value 2020
sale of finished products	239,898,428	157,294,870
sales incentives	-1,510,026	-1,057,269
allowances payable/receivable	-781	-1,157
sale of raw materials	646,827	246,070
sale of packaging	737,453	583,826
sale of other list materials	36,283	28,653
freight charge	7,700	65,890
sale of marketing material	0	62,176
services rendered Other Group Companies	7,033,644	6,444,382
Total	246,849,528	163,667,441

The breakdown of revenues from Group companies and the Controlling company is illustrated in Annex 2 to the Report on Operations.

Breakdown of revenues from sales and services by geographical area

In relation to the provisions envisaged in art. 2427, paragraph 1, number 10 of the Italian Civil Code, the breakdown of revenues by geographical area is shown in the following tables:

Geographical area	Current year value
Europe	119,224,669
Italy	106,128,142
Asia Oceania	6,167,634
America	5,670,375
Africa	3,760,094
Turkey	3,077,069
Russia	2,821,545
Total	246,849,528

Changes in inventories of products in under construction, semi-finished and finished products

This item includes (values in thousands of €):

Description	31/12/2020	Change during the year	31/12/2021
Initial inventories of finished products and goods	-8,242	1,663	-6,579
Final inventories of finished products and goods	6,579	3,542	10,121
Total	-1,663	5,205	3,542

The changes shown reflect the performance of the business, as better illustrated in the corresponding item in the Balance Sheet ("Inventories" item "C I") to which reference is made.



Other revenues and income

These amounted to € 1,118 thousand, with a decrease of € 463 thousand compared to 2020; the higher revenues of the previous year are mainly attributable (for € 440 thousand) to the sale of “white certificates” (relevant to the activity of the Villadossola Cogenerator [the “white certificates” - Energy Efficiency Certificates - are attributed to the achievement of energy savings through the application of efficient technologies and systems; these certificates, which are valid for ten years, expired in 2020, therefore, the incentive is suspended until the plant is renovated or replaced]).

The balance as at 31 December 2021 consists mainly of charges for services (€ 193 thousand), revenues from non-recurring assets for € 827 thousand, and various recharges to employees (€ 88 thousand).

In revenues from non-recurring activities, in addition to the recognition of differences between the allocations made in the financial statements and the actual values, € 223 thousand was recorded to offset the tax credit on R&D expenses; the amount was calculated as a percentage (12% for R&D expenses and 6% for expenses related to Technological Innovation) of the eligible investments made in FY 2020 (for more details, see the “Research and Development” section in the Management Report).

We also report that the Company has recognised supplementary revenues, in the amount of € 9 thousand, relating to the tax credits already commented in the section of the Balance Sheet on “Tax Credits”, for “investments in new capital goods” (Italian Law 160/2019 - “Italian Budget Law 2020”), and for “sanitisation and the purchase of protective equipment” (in consideration of the crisis situation related to the epidemiological emergency from COVID-19).

The breakdown of other revenues from Group companies and the Controlling company is illustrated in Annex 2 to the Management Report.

Costs of production

The cost of production as at 31 December 2021, was € 237,227 thousand, compared to € 150,376 thousand in for the previous year, up by € 86,851 thousand or +57.7%.

Raw, ancillary materials, consumables and goods

As at 31 December 2021, they amounted to € 184,743 thousand, compared to € 86,642 thousand in the previous year; the increase amounted to € 98,101 thousand, mainly due to an increase in the price of AVM raw materials of 170%.

Annex 2 to the Report on Operations illustrates the breakdown of the purchases made by Group companies and from the Controlling company, which amount to € 3,539 thousand.

For services

As at 31 December 2021, they amounted to € 31,961 thousand, compared to € 27,051 thousand in the previous year; the increase amounted to € 4,780 thousand, mainly due to increased transport costs, energy consumption and sales commissions.

Costs for services are broken down into costs for industrial services of € 25,015 thousand, commercial services of € 1,653 thousand and general services of € 5,293 thousand.

Costs for industrial services (values in thousands of €)	31/12/2020	Change during the year	31/12/2021
Customer transport costs	9,700	2,555	12,255
Energy consumption	5,091	660	5,751
Provision of services	3,024	588	3,612
Maintenance	2,910	254	3,164
Other industrial services	198	35	233
Total	20,923	4,092	25,015

Costs for commercial services (values in thousands of €)	31/12/2020	Change during the year	31/12/2021
Accounts payable commissions, social security charges	947	301	1,248
Personnel travel expenses	210	-25	185
Advertising, sponsorships, customer support, exhibitions	102	93	195
Other commercial services	23	2	25
Total	1,282	371	1,653

Costs for general services (values in thousands of €)	31/12/2020	Change during the year	31/12/2021
Professional and various advice	2,189	327	2,516
Insurance	624	76	700
Remuneration of Directors and Statutory Auditors	339	27	366
Company canteen	289	24	313
Cleaning	246	-5	241
Various maintenance and repair costs	493	-43	450
Postal, telephone	131	-9	122
Remuneration for auditors	56	1	57
Legal	80	21	101
Other general costs	399	28	427
Total	4,846	447	5,293

Annex 2 to the Report on Operations illustrates the breakdown of the purchases made by Group companies and from the Controlling company, which amount to € 1,492 thousand.

For use of third party assets

As at 31 December 2021, they amounted to € 935 thousand, compared to € 928 thousand for the previous year.

They mainly consist of long-term rentals relevant to vehicles used by employees (€ 345 thousand), fees for the use of fork-lift trucks (€ 220 thousand) and commercial leases for the Milan offices owned by third parties (€ 192 thousand).

For employees

Total labour costs as at 31 December 2021 amounted to € 25,817 thousand, an increase of € 889 thousand compared to the previous year.

In detail, the item "Wages and salaries" includes wages and salaries including accrued and unpaid amounts relating to additional months' pay and accrued and unused vacation days, gross of withholding taxes and social security charges borne by the employee; under the item "Social security charges" the charges borne by the company, under the item "Severance indemnity" the provisions made in the period for the employee severance indemnity provision, under the item "Pension and similar benefits" the provisions made in the period for the "Bonus provision for Junior Managers and Managers" and finally under the item "Other costs", all other costs relating directly or indirectly to employees, which have not been booked in the previous sub-items (e.g. social benefit expenses in the form of direct payments to employees).

Employee costs are as follows:

(values in thousands of €)	31/12/2020	Change during the year	31/12/2021
Wages and salaries	17,573	604	18,177
Social security contributions	5,964	299	6,263
Employee leaving indemnity	1,151	15	1,166
Pension liabilities and similar	168	-35	133
Other costs	72	6	78
Total	24,928	889	25,817

The average number of employees at the end of 2021 is shown in the section “Other information”.

Amortisation, depreciation and write-downs

Amortisation/depreciation of fixed assets are made up as follows:

Description	31/12/2020	Change during the year	31/12/2021
Amortisation of intangible fixed assets	40	-3	37
Depreciation of tangible fixed assets	4,450	168	4,618
Total	4,490	165	4,655

Amortisations/depreciations were calculated on the basis of the useful life of the asset and its exploitation in the production phase.

It should be noted that the revaluation of the plant and machinery of the Villadossola and Ravenna sites carried out last year, based on the possibility granted by art.110 of Italian Law Decree 104/2020 converted into Italian Law 126/2020, mainly carried out by reducing provisions for amortisation/depreciation, led to the allocation to the Income Statement in 2021, of amortisation shares of a higher amount for € 865 thousand, compared to what would have occurred instead in the absence of revaluation.

Changes in inventories of raw, ancillary materials, consumables and goods

(Amounts in thousands of €):

Description	31/12/2020	Change during the year	31/12/2021
Initial inventories of raw materials	11,688	-5,667	6,021
Final inventories of raw materials	-6,021	-11,625	-17,646
Initial inventories of packaging	637	60	697
Final inventories of packaging	-697	-94	-791
Initial inventories of promotional material	23	-4	19
Final inventories of promotional material	-19	3	-16
Initial inventories of maintenance materials	2,399	103	2,502
Final inventories of maintenance materials	-2,502	-37	-2,539
Initial inventories of workwear	-1	2	1
Final inventories of workwear	-1	0	-1
Total	5,506	-17,259	-11,753

The changes shown reflect the performance of the business, as better illustrated in the corresponding item in the Balance Sheet ("Inventories" item "C I") to which reference is made.

Other operating charges

As at 31 December 2021, they amounted to € 869 thousand, compared to € 829 thousand for the previous year.

(values in thousands of €)

Description	31/12/2020	Change during the year	31/12/2021
Membership fees	171	-5	166
Tax charges	220	-19	201
Entertainment expenses	44	-29	15
Contingent assets	172	176	348
Payments in support of culture "ART BONUS"	10	42	52
Benefits and donations	29	-15	14
Other costs	183	-110	73
Total	829	40	869

The item "Tax charges" mainly includes the various taxes paid during the year such as IMU, Chamber of Commerce tax, tax on company books, municipal tax on advertising and waste tax.

Contingent liabilities arise mainly from differences between allocations made in the Financial Statements and actual amounts.

Annex 2 to the Report on Operations details costs incurred for Group companies and the Controlling company.

Financial income and charges

The item discloses a negative net balance as at 31 December 2021 of € 335 thousand, compared with a negative balance of € 261 thousand in the previous year.

Sundry financial income

This item, for € 10 thousand, refers to interest income accrued on the cash pooling account with the Controlling company (€ 24 thousand as at 31 December 2020).

Interest and other financial charges

These amount in total to € 97 thousand.

The balance is made up as follows:

(values in thousands of €)

Description	31/12/2020	Change during the year	31/12/2021
Interest payable on the pooling account	11	-4	7
Other interests payable	2	4	6
Financial discounts	48	36	84
Total	61	36	97

Exchange gains and losses

The realised and unrealised exchange differences, on payments and collections during the year and for the adjustment of the receivables and liabilities to the year-end exchange rates, produced an exchange loss as at 31 December 2021 of € 248 thousand compared with an exchange loss of € 223 thousand in 2020, as broken down below:

(values in thousands of €)

Description	31/12/2020	Change during the year	31/12/2021
Exchange gains during the year	357	-63	294
Foreign exchange losses during the year	-513	15	-498
Adjustment of liquid funds	-142	68	-74
(Profits)/losses on foreign exchange	-298	20	-278
Customers for exchange rate adjustments	21	11	32
Suppliers for exchange rate adjustments	54	-56	-2
Unrealised exchange rate gains/(losses)	75	-45	30
Total	-223	-25	-248

Foreign exchange gains and losses include € 278 thousand of realised foreign exchange losses arising from the translation of assets and liabilities denominated in foreign currencies, which were settled (i.e. collected or paid) during the year and € 30 thousand of unrealised foreign exchange gains arising from the translation of assets and liabilities denominated in foreign currencies, which had not yet been settled as at the reporting date; In the previous year, the item included € 298 thousand of realised exchange losses and € 75 of unrealised exchange gains.

Current, deferred and prepaid income taxes for the year

Current, deferred and prepaid income taxes for the year had a negative balance of € 3,669 thousand (negative balance of € 2,993 thousand in the previous year); they were relevant to taxes for the year for € 3,676 thousand, taxes for previous years with negative balance of € 34 thousand and prepaid and deferred taxes with a revenue component of € 41 thousand in 2021.

Current taxes

Income taxes for the year are calculated on the estimate of tax income, which takes into account both the increasing and decreasing changes envisaged by current legislation.

The taxes for the year are the following:

(values in thousands of €)

Description	31/12/2020	Change during the year	31/12/2021
I.R.E.S.	2,957	125	3,082
I.R.A.P.	396	198	594
Total	3,353	323	3,676

They consist of € 594 thousand of IRAP for the year 2021 and € 3,082 thousand of consolidation expenses. The latter represent the IRES burden for the year, transferred to the Controlling company Mapei S.p.A. as a result of participation in the tax consolidation regime.

Taxes relevant to previous years

The negative position recorded as at 31 December 2021, amounting to € 34 thousand, is represented almost entirely by the amount of the amounts not collected during 2021 (equal to 5%), on the total dividends approved by the Controlled company in 2017 and 2018, collected during the year.

The positive position in 2020 (€ 355 thousand) is mainly represented by the contingent asset that emerged during the year, as a result of the write-off of the IRAP payable for the year 2019.

Deferred taxes

In consideration of the application of the correct current accounting standards, the Company has taken steps to calculate the pertaining deferred and prepaid taxes. The difference for the period is positive and amounts to € 41 thousand.

The table below shows the information required by point 16 of art. 2427 of the Italian Civil Code:

Description	FY 2020			Changes FY 2021		FY 2021			2021 economic effect (- REVENUES) (+ COSTS)
	Amount of temporary differences	Rate %	Tax effect	Allocations	Uses	Amount of temporary differences	Rate %	Tax effect	
Provisions for taxable indemnity for agents and customers	14,060	27.90%	3,923			14,060	27.90%	3,923	0
Provisions for other risks and charges	433,926	27.90%	121,065			433,926	27.90%	121,065	0
Provision for bad debts on inventory	48,000	27.90%	13,392	125,454	48,000	125,454	27.90%	35,002	-21,610
Membership fees	5,000	24.00%	1,200	8,529	5,000	8,529	24.00%	2,047	-847
Depreciation on revaluation of buildings	631,680	27.90%	176,239			631,680	27.90%	176,239	0
Unrealised exchange losses	19,848	24.00%	4,763	1,852	19,848	1,852	24.00%	445	4,318
Total	1,152,514		320,582	135,835	72,848	1,215,501		338,721	-18,139
Deferred taxes									
Unrealised foreign exchange rate gains	94,486	24.00%	22,677	31,735	94,486	31,735	24.00%	7,616	-15,060
2017 Dividends (not collected as at 31/12)	22,027	24.00%	5,286		22,027	0	24.00%	0	-5,286
2018 Dividends (not collected as at 31/12)	10,610	24.00%	2,546		10,610	0	24.00%	0	-2,546
Total	127,123		30,509	31,735	127,123	31,735		7,616	-22,892
Net deferred (prepaid) taxes			-290,073					-331,105	
Total in the Profit and Loss Statement									-41,032

The reconciliation between the theoretical and actual tax burden is shown in the following table:

	IRES	IRAP
Difference between value and cost of production		14,283,236
Personnel costs		25,817,491
Total		40,100,727
Profit before taxes		13,948,075
contingent assets	347,746	
allocations to provisions for bad debts on inventory	125,454	125,454
use of provisions for inventory write-downs	-48,000	-48,000
compensation for project-based contracts (including directors) and occasional workers		207,845
Property Tax	56,962	142,405
costs for apartments	32,682	
telephone expenses	23,984	
car costs deductible 70%	107,968	
membership fees	3,529	
mileage allowance		847
donations	31,618	18,153
administrative penalties	725	
amount of Severance Indemnity to pension funds (4%)	-44,319	
entertainment expenses	1,454	
contribution for the sanitation and purchase of PPE	-3,364	-3,364
capital goods (Italian Law 160/2019 - "Italian Budget Law 2020")	-138	-138
dividends 2017 and 2018 collected in 2021	32,637	
capital goods (Italian Law 178/2020 - "Italian Budget Law 2021")	-5,962	-5,962
contingent asset R&D tax credit	-223,034	-223,034
super-amortisation (Art. 1, subsections 91-94 and 97, Italian Law 28 December 2015, n. 208 - Italian Stability Law 2016)	-352,745	
hyper-depreciation/amortisation (art. 1, subsections 8 to 13, Italian Law 232 of 11 December 2016 - Italian Stability Law 2017)	-359,720	
VAT paid and other non-deductible costs	2,406	
exchange rate differences	44,756	
IRAP deduction	-114,929	
tax wedge		-25,114,380
Incentive for economic growth	-15,478	
super A.C.E. facility	-750,000	
Taxable income	12,842,307	15,200,553
IRES (rate 24.00%)	3,082,154	
IRAP (rate: 2.68% - 3.9% - 4.82% - 4.97%)		593,670
Effective rate	22.10%	1.48%
Theoretical rate	24.00%	3.90%



The main temporary differences that led to the recognition of deferred taxation are shown in the table below together with their effects.

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	1,215,501	1,205,120
Total taxable temporary differences	31,735	0
Net temporary differences	1,183,766	1,205,120
B) Tax effects		
Provision for deferred (prepaid) taxes at the beginning of the year	246,094	43,979
Deferred (prepaid) taxes for the year	15,117	25,915
Provision for deferred (prepaid) taxes as at year-end	261,211	69,894

The economic effect for the year is illustrated in the comments on point “C II 4 ter)” of the assets.

NOTES - OTHER INFORMATION

Data on employment

The average company workforce registered the following changes:

Description	31/12/2020	Change during the year	31/12/2021
Executive managers	9	1	10
Managers	52	-3	49
White collars	119	-2	117
Blue collars	188	-2	186
Total	368	-6	362

The employment contract applied is that for the Chemical, Chemical-Pharmaceutical Industry.

Director and Statutory Auditors' fees

Description	Fees	Advances	Receivables	Commitments undertaken on their behalf for guarantees given
Directors	307,638	0	0	0
Statutory Auditors	58,240	0	0	0
Total fees for Directors and Statutory Auditors	365,878	0	0	0

The fees take into account the services provided and completed during the year.

Fees for External Auditor or Independent Audit Firm

Fees for the services provided are as follows:

Remuneration	Value
External audit of annual accounts	56,927
Other audit services	0
Tax advisory service	0
Other services different from auditing	0
Total remuneration due to the External Auditor or Independent Audit Firm	56,927



Off Balance Sheet commitments, guarantees and contingent liabilities

They refer to:

- € 466 thousand for a surety issued in favour of the company G.S.E. S.p.A. of Rome to hedge a payable arising from the verification activity performed on a cogeneration unit at the Villadossola production site;
- € 12 thousand, to a surety issued in favour of "Rete Ferroviaria Italiana" for the railway link to Villadossola;
- € 9 thousand to sureties issued for property leases;
- USD 3,300,000 issued in favour of the Bank of Alexandria, Cairo - Egypt (a non-resident in Italy), in the interest of the controlled company Vinavil Egypt for Chemicals SAE against a line of credit granted by the same.

Information on assets and loans allocated for a specific business activity

There are no assets and loans allocated for a specific business activity.

Information on transactions with related parties

Transactions with related parties other than those illustrated in the Report on Operations have not been indicated; there are no off-balance sheet transactions.

Information relevant to agreements not disclosed on the Balance Sheet

There are no off Balance Sheet Agreements.

Information on the exemption from preparing the Consolidated Financial Statement

It is noted that the Company avails itself of the option provided for by art. 27 of Italian Legislative Decree 127/91 to be exempt from the obligation to draw up the Consolidated Financial Statement, since it is wholly directly controlled by Mapei S.p.A., which prepares the Group Consolidated Financial Statements (that includes Vinavil S.p.A. and its controlled company), which will then be filed within the terms of the law with the Registry of Companies.

Information on significant events occurring subsequent to the reporting date

In compliance with OIC 29 and pursuant to art. 2427 no. 22 quater) of the Italian Civil Code, the following information is provided on significant events occurring subsequent to the reporting date. As is well known, during FY 2022, starting from the month of February, the world scenario was characterised by strong tensions on the geopolitical front.

The potential effects, extraordinary in nature and extent, on the year 2022 are not fully determinable to date and will be subject to constant monitoring during the following year.

The Directors have a reasonable expectation that the Company will achieve the objectives set out in the Budget, given the sustained demand for materials necessary for the works planned and in progress.

Companies drafting the consolidated financial statements of the largest/smallest group of companies to which they are part as controlled company company

The following table shows the information required by article 2427, subsection 1, number 22 quinquies and 22 sexies of the Italian Civil Code:

	Together of the larger
Name of company	Mapei S.p.A.
City (if in Italy) or foreign State	MILAN
Tax Code (for Italian companies)	01649960158
Place where the Financial Statement are deposited	MILAN

Summary of the Financial Statement of the company exercising direction and coordination activities

The Company is subject to direction or coordination of the company Mapei S.p.A.

Pursuant to art. 2497 bis, subsection 4 of the Italian Civil Code, the essential data of the latest approved Financial Statements of the company exercising direction and coordination activities are shown below.

Description	31.12.2020	31.12.2019
<i>Date of the last Financial Statements approved</i>		
A) Receivables due from Shareholders for outstanding payments	0	0
B) Fixed assets	692,417,983	590,108,588
C) Current assets	823,994,054	615,056,581
D) Accrued income and prepaid expenses	1,676,918	2,906,712
Total assets	1,518,088,955	1,208,071,881
A) Shareholders' equity		
Share Capital	100,000,000	100,000,000
Reserves	485,208,579	360,854,067
Net profit (loss) for the year	64,180,701	48,336,098
Total Shareholders' Equity	649,389,280	509,190,165
B) Provisions for risks and charges	51,742,934	48,083,686
C) Severance Indemnity	4,000,491	3,856,944
D) Liabilities	812,381,003	645,514,561
E) Accrued expenses and deferred income	575,247	1,426,525
Total liabilities	1,518,088,955	1,208,071,881

Description	31.12.2020	31.12.2019
<i>Date of the last Financial Statements approved</i>		
A) Value of production	561,234,902	581,280,544
B) Costs of production	531,521,853	574,610,741
C) Financial income and charges	73,385,787	88,993,589
D) Value adjustments to financial assets	-29,532,951	-40,784,822
Income taxes for the year	9,385,184	6,542,472
Net profit (loss) for the year	64,180,701	48,336,098

Proposal for the allocation of profits or loss coverage

The Financial Statements as at 31 December 2021, with the related Explanatory Notes and Management Report, which we submit for your scrutiny and approval, present a Profit of € 10,278,616.69, net of tax provisions.

We refer to the decisions of the Shareholders' Meeting regarding the allocation of the Profit for the year, considering that the Legal Reserve has already reached one-fifth of the Share Capital, and recalling that part of the reserve ex. art. 2426 no. 8 bis of the Italian Civil Code must be released for the amount of € 62,463.93, i.e. the difference between the net profit on foreign exchange for the year and the amount of the previously allocated reserve.



NOTES - FINAL PART

Repurchase transactions

There were no repurchase transactions as at the reporting date.

Receivables and liabilities with a residual duration of more than 5 years and liabilities secured by collateral on corporate assets

There were no outstanding receivables or liabilities with a residual duration exceeding five years secured by collateral on corporate assets as at the reporting date.

Disclosure on public funds

In 2021, the Company recognised the tax credit for research and development activities accrued in relation to investments made during 2020 (through the asseveration of a technical report submitted in 2021); the credit in question, determined to be € 223,034.33, was recognised under item “A) 5 - Other revenues and income” in the Income Statement.

The Company had pursued pre-competitive activities of an innovative nature in 2020, focusing its efforts in particular on projects aimed at the study and experimentation for the development of new products, and through studies and experimentation for the development of process-improving technical solutions.

For the development of the aforementioned projects, the Company had incurred expenses of € 1,997,246.91 in 2020, divided among the different categories of costs eligible for the “research tax credit for research, development, technological innovation, design and aesthetic conception activities” established by Italian Law 160 of 27 December 2019.

owered by

In addition to these are the tax benefits already discussed in the Income Statement section, “A) 5 – Other revenues and incomes”.

Research activities continued during FY 2021.

This section has also been prepared for NCA purpose of fulfilling the disclosure requirements pursuant to Italian Law 124, article 1, subsections 125-129 of 4 August 2017.

For the Board of Directors

The Chairman Marco Squinzi

Board of Statutory Auditors' Report

Report of the Board of Statutory Auditors to the Shareholders Meeting pursuant to article 2429, subsection two of the Italian Civil Code

To the Shareholders of the company VINAVIL S.P.A.

Whereas

The Board of Statutory Auditors, during the financial year as at 31 December 2021, performed the functions provided for by arts. 2403 et seq. of the Italian Civil Code, while those provided for by art. 2409 - bis, of the Italian Civil Code were performed by the statutory auditor EY S.p.a.

During the financial year as at 31/12/2021, our activity was based on the provisions of the law and the Code of Conduct for the Board of Statutory Auditors issued by the National Board of Professional Accountants and Accounting Experts.

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


We monitored compliance with the law, Company By-laws and standards of proper administration. We participated in Shareholders' and Board of Directors' Meetings and, on the basis of the available information, we did not note any breaches of the law or Company By-laws, or any transactions that were openly imprudent, risky transaction, in potential conflict of interest or able to compromise the integrity of the corporate assets.

We have obtained from the Board of Directors and the CEO, also during the meetings held, information on the general performance of operations and its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its controlled companies and, based on the information obtained, we have no particular observations to report.

We have met with the Supervisory Body and viewed the Supervisory Body's reports, acknowledging that no critical issues emerged relevant to the correct implementation of the Organisational Model that require mention herein.

We have acquired knowledge of and supervised the adequacy of the organisational, administrative and accounting structure and its actual functioning, as well as the measures taken by the administrative body to deal with the emergency situation resulting from the Covid-19 pandemic, including by gathering information from the heads of functions, and in this regard we have no particular observations to report.

We have acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the administrative-accounting system, also with reference to the impact of the Covid-19 emergency on computer and telematic systems, as well as the reliability of the latter to correctly represent management events, by obtaining information from the heads of functions and examining company documents, and in this regard, we have no particular observations to report.



No complaints were received by the Shareholders ex art. 2408 of the Italian Civil Code. The Board of Statutory Auditors did not issue the opinions envisaged by the law during the year. During the supervisory activity, as described above, no further significant facts emerged that need to be mentioned in this report.

Comments on the Financial Statements

To the best of our knowledge, the Directors, in drafting the Financial Statements, have not derogated from the provisions of the law pursuant to art. 2423, subsection 5, of the Italian Civil Code.

Comments and proposals regarding the approval of the Financial Statements

Based on the results of our activities, we invite the Shareholders to approve the Financial Statements as at 31 December 2021, as prepared by the Directors.

The Board of Statutory Auditors agreed with the proposal by the Directors in the Explanatory Notes for the allocation of the operating result.

Milan, 12 April 2022

The Board of Statutory Auditors

Guglielmo Calderari (Chairman of the Board of Statutory Auditors)

Maurizio Dragoni (Standing Statutory Auditor)

Mariella Giunta (Standing Statutory Auditor)

Statutory Auditors' Report



Report of the Independent Audit Firm pursuant to art. 14 of Italian Legislative Decree 39 of 27 January 2010

To the Shareholder of Vinavil S.p.A.

Report on the audit of the Financial Statements

Opinion

We performed the audit of Vinavil S.p.A.'s Financial Statements (the Company), consisting of the Balance Sheet as at 31 December 2021, Income Statement and Cash Flow Statement for the year as at the aforementioned date and the Explanatory Notes. In our opinion, the Financial Statements gives a true and fair view of the financial position of the Company as at 31 December 2021, the operating result and cash flows for the year as at that date, in compliance with the Italian regulations governing their preparation.

Elements on which the opinion is based

In compliance with the International Auditing Standards (ISA Italy). Our responsibility under these standards are further described in the section Responsibility of the External Auditor for the audit of the Financial Statements herein. We are independent of the Company in compliance with the rules and standards on ethics and independence applicable in the Italian legal system for auditing the Financial Statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

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

The Directors are responsible for preparing the Financial Statements that give a true and fair view in compliance with the Italian regulations governing the preparation criteria for the same and, within the terms envisaged by the law, for that part of the internal audit of the same that they deem necessary to allow the preparation of the Financial Statements that do not contain significant errors due to fraud or unintentional behaviour or events.



Directors are responsible for assessing the Company the suitability ability to continue operating on a going concern basis and, in drafting the Financial Statements, for the suitability of using the going concern basis, as well as for an adequate disclosure on the subject. The Directors use the assumption of a going concern for the preparation of the Financial Statements unless they have assessed that the conditions exist for the liquidation of the of the Company or for the interruption of the business or should they have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for the supervision, within the terms envisaged by law, of the preparation process of the Company's financial information.

Responsibility of the External Auditor for the audit of the Financial Statements

Our objectives are the acquisition of a reasonable certainty that the Financial Statements on a whole do not contain significant errors, due to fraud, unintentional behaviours or events, and the issue of an Audit Report that includes our opinion. Reasonable security means a high level of security which, however, does not provide the guarantee that an audit carried out in compliance with International Auditing Standards (ISA Italia) always identifies a significant error, where it exists. Errors can result from fraud or unintentional behaviours or events and are considered significant if it can reasonably be expected that they, individually or together, will be able to influence the economic decisions made by users on the basis of the Financial Statements.

In the scope of the audit performed in compliance with the International Accounting Standards (ISA Italy), we have exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore: we have identified and assessed the risks of significant errors in the Financial Statements, due to fraud, unintentional behaviours or events; we have defined and performed audit procedures in response to these risks; we have acquired sufficient and appropriate audit evidence on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error deriving from unintentional behaviour or events, as fraud can imply the existence of collusion, falsification, intentional omission, misleading representations or the use of force in the internal control;



-
- we have identified and assessed the risks of significant errors in the Financial Statements, due to fraud, unintentional behaviours or events; we have defined and performed audit procedures in response to these risks; we have acquired sufficient and appropriate audit evidence on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error deriving from unintentional behaviour or events, as fraud can imply the existence of collusion, falsification, intentional omission, misleading representations or the use of force in the internal control;
 - we acquired an understanding of the internal audit that is relevant for the purposes of the audit in order to define appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of the Company's internal audit system;
 - we assessed the appropriateness of the accounting principles used as well as the reasonableness of the accounting estimates made by the Directors and the relevant disclosure;
 - we reached a conclusion regarding the appropriateness of use by the Directors of the going concern basis and, based on the audit evidence obtained, on the possible existence of a significant uncertainty regarding events or circumstances that can give rise to significant doubts about the capacity of the Company to continue to operate on a going concern basis. In the presence of significant uncertainty, we are required to draw attention in our audit report to the relevant Financial Statements disclosure or, should such information be inadequate, to reflect such circumstance when formulating our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as a going concern;
 - we assessed the presentation, structure and content of the Financial Statements as a whole, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in order to provide a correct representation.

We have notified the governance managers, identified at an appropriate level as required by the International Audit Standards (ISA Italia), inter alia other aspects, the importance and timing planned for the audit and significant results arising from the same, including any significant shortcomings within the internal control as identified during the audit.



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Report on other legal and regulatory provisions

Opinion pursuant to art. 14, subsection 2, letter e) of Italian Legislative Decree 39 of 27 January 2010

The Directors of Vinavil S.p.A. are responsible for the preparation of the Management Report for Vinavil S.p.A. as at 31 December 2021, including its consistency with the relevant Financial Statements and compliance with the law.

We have carried out the procedures indicated in audit standard (SA Italia) 720B, in order to express an opinion on the consistency of the Management Report with the Vinavil S.p.A.'s Financial Statements as at 31 December 2021, and the compliance of the same with the law, as well as to issue a declaration on any significant errors.

In our opinion, the Management Report is consistent with the Financial Statements of Vinavil S.p.A. as at 31 December 2021, and is prepared in compliance with the law.

With reference to the declaration referred to in art. 14, subsection 2, letter e), of Italian Legislative Decree 39 of 27 January 2010, issued based on the knowledge and understanding of the business and the relative context acquired during the audit, we have nothing to report.

Milan, 12 April 2022

EY S.p.A.

Giuseppe Savoca
Auditor in Charge





Vinavil S.p.A.

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