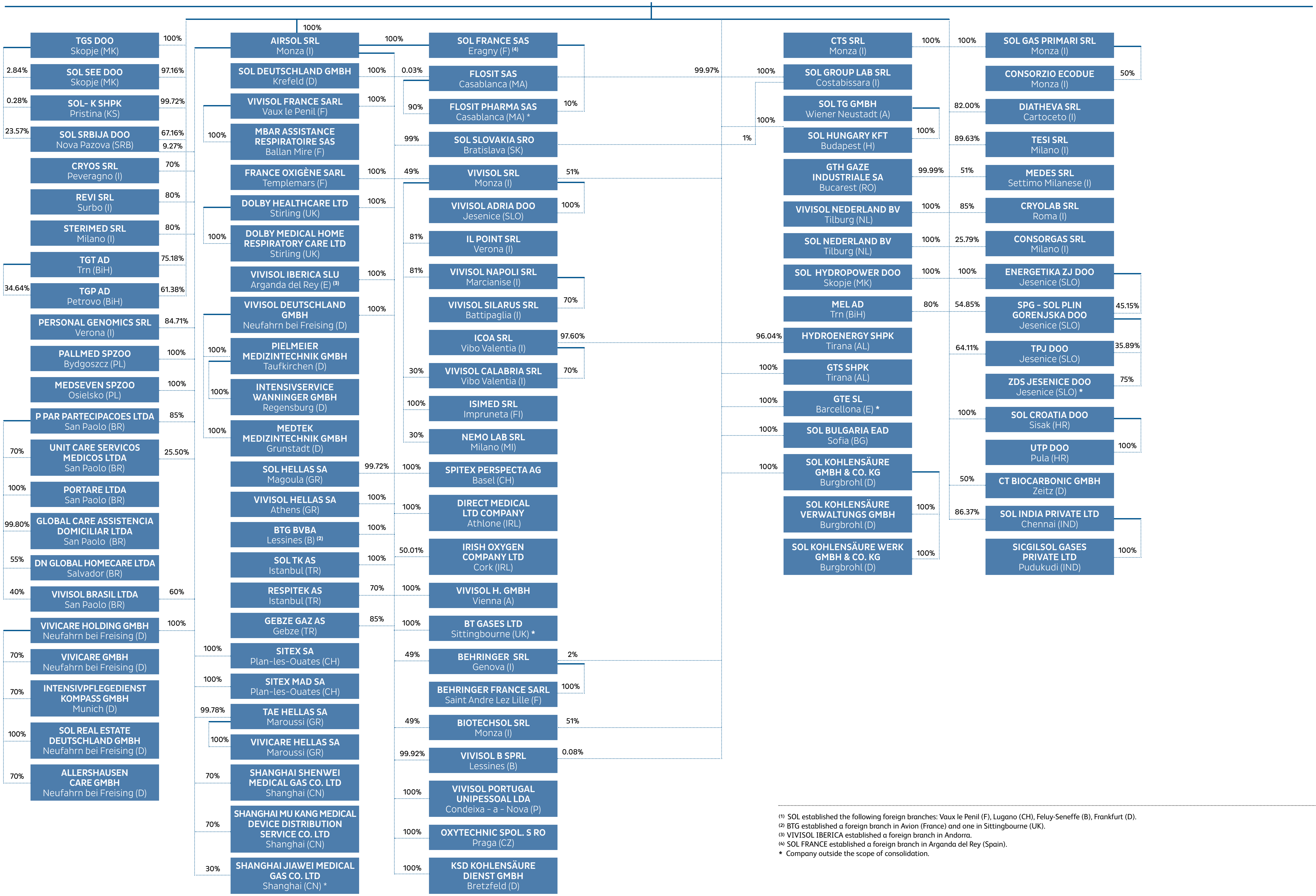
2021

SOL GROUP ANNUAL REPORT

SOLGROUP
a breath of life
90
1927-2017

STRUCTURE OF THE SOL GROUP AS AT DECEMBER 31, 2021

SOL S.P.A. [1]



[1] SOL established the following foreign branches: Vaux le Penil (F), Lugano (CH), Feluy-Seneffe (B), Frankfurt (D).
[2] BTG established a foreign branch in Avion (France) and one in Sittingbourne (UK).
[3] VIVISOL IBERICA established a foreign branch in Andorra.
[4] SOL FRANCE established a foreign branch in Arganda del Rey (Spain).
* Company outside the scope of consolidation.

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SOL Spa

Registered office
Via Borgazzi, 27
20900 Monza - Italy

Share Capital
Euro 47,164,000.00 i.v.

C.F. and company register of Milano, Monza Brianza, Lodi
n° 04127270157
R.E.A. n° 991655
C.C.I.A.A. Milano, Monza Brianza, Lodi

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

BOARD OF DIRECTORS

Chairman and Managing Director
Aldo Fumagalli Romario

Deputy Chairman and Managing Director
Marco Annoni

Director with special powers
Giovanni Annoni

Director with special powers
Giulio Fumagalli Romario

Directors
Maria Cristina Annoni
Maria Antonella Boccardo (Independent)
Susanna Dorigoni (Independent)
Anna Gervasoni (Independent)
Prisca Fumagalli Romario
Antonella Mansi (Independent)
Erwin Paul Walter Rauhe (Independent)

GENERAL MANAGERS

Giulio Mario Bottes
Andrea Monti

BOARD OF STATUTORY AUDITORS

Chairman
Giovanni Maria Alessandro Angelo Garegnani

Regular auditors
Alessandro Danovi
Livia Martinelli

Alternate Auditors
Maria Gabriella Drovandi
Alessandro Manias

AUDITING COMPANY

DELOITTE & TOUCHE Spa
Via Tortona n. 25
20144 Milan

POWERS GRANTED TO THE DIRECTORS

(CONSOB Communication No. 97001574 dated 20 February 1997)

To the Chairman and Deputy Chairman: the legal representation of the Company in dealings with third parties and before the legal authorities; powers of ordinary management acting severally; powers of extraordinary management, acting jointly, it being understood that for the execution of the related acts the signature of one of the two with the written authorisation of the other is sufficient; exception is made for certain specific acts of particular importance reserved for the competence of the Board.

To Directors with special appointments: powers of ordinary administration relevant to Legal and Corporate Business (Giulio Fumagalli Romario) and the Organisation of Information Systems (Giovanni Annoni) with single signature.

MANAGEMENT REPORT SOL GROUP

INTRODUCTION

This Annual Financial Report as at December 31, 2021 is drawn up pursuant to Article 154 ter of Italian Legislative Decree 58/1998 and prepared in accordance with the *International Accounting Standards* (*IFRS)* issued by the *International Accounting Standard Board* (*IASB*) recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, as well as with the implementation regulations set out in Article 9 of Italian Legislative Decree no. 38/2005. These *IFRS* principles also include all revised *international accounting standards* (*IAS*) and all of the interpretations of the *International Financial Reporting Interpretation Committee* (*IFRIC*), previously called *Standing Interpretations Committee* (*SIC*).

GENERAL CONTEXT

The SOL Group is primarily engaged in production, applied research and distribution activities pertaining to industrial, pure and medicinal gases, in door-to-door medical care, as well as in the supply of related medical equipment in Italy, presently active in 24 other European Countries, in Turkey, in Morocco, in India, in Brazil and in China. The products and services of companies belonging to the Group are used in the chemical, electronics, iron and steel, engineering and foodstuff industries, as well as in sectors such as environmental protection, research and health.
The year 2021 was still characterised by the spread of the Covid-19 pandemic across most of the world, albeit with less severe adverse effects on those infected than during 2020, thanks to the protection of the vaccine. The most widespread and intense pandemic waves, which mainly affected Europe and America, were recorded at the beginning and at the end of the year.
In this context, there was also a strong recovery of many industrial activities that, vice versa, had suffered a sharp slowdown during 2020 due to lockdowns in several countries following the first wave of the pandemic spread.
The recovery was strong mainly in the first part of 2021, while it weakened slightly in some countries in the second half of the year.
Economic growth was accompanied by sudden, unpredictable and very high increases in the price of raw materials, both energy and metal and chemical, which have caused significant increases in the production costs of our technical gases. In particular, the price of natural gas, and consequently that of electricity, increased considerably. Downstream of these phenomena, there was also an increase in inflation, which rose to levels not seen for many years.
One consequence of the high level of inflation, which is still rising, will certainly be that interest rates and, consequently, the cost of money will rise during 2022.
Thus, global growth is likely to slow in 2022 and, towards the end of the year, inflation is expected to fall slightly from the peaks reached in recent months.
However, the great unknown for the near future is the development of the Covid-19 pandemic, which we hope will be finally overcome thanks to mass vaccination, but which, as a result of the virus variants, could also lead to new spread of infection with unpredictable consequences.
With reference to the trend of the technical gases and home care sector in which the SOL Group operates, there has been considerable development in the technical gas sector due to the resumption of industrial activities and, at certain times of the year, to the strong demand for oxygen and medical services for hospitals.
Activity in the home care service sector grew at a lower rate than the average in recent years, mainly due to reduced activity in hospitals and laboratories as a result of the pandemic and recorded mainly during the first half of 2021: hospitals and laboratories are, in fact, the normal area that feeds the growth in the number of new patients who have to be cared for at their homes.

With regard to 2022, the year opened with a new wave of Covid-19 due to the Omicron variant, but with less severe effects on the population than in the past, with the persistence of absolutely enormous levels of the cost of electricity, gas and other important raw materials, also following Russia's invasion of Ukraine in February and the ongoing war and related economic sanctions imposed on Russia by most countries in the world.
All this could have a negative effect on industrial production, both in Italy and in the rest of Europe, with a consequent reduction in the consumption of technical gases and with a continuous increase in their production and distribution costs. Therefore, it is difficult to make predictions about the development of the technical gas business for the first half of 2022.
In the home care sector, the recovery in prescribing activity should bring development back to the average levels of recent years.

SUMMARY RESULTS

In this context, we believe that the results achieved by the SOL Group in 2021 were extremely positive.
The net sales achieved by the SOL Group in 2021 were equal to Euro 1,112.9 million (+14.3% compared to those of 2020 and +10.0% on a like-for-like basis).
The gross operating margin was Euro 260.8 million, equating to 23.4% of sales, up by 2.1% when compared to 2020 (Euro 255.4 million, or 26.2% of sales).
The operating result came to Euro 135.8 million, equating to 12.2% of sales, slightly down compared to the figure for the same period of 2020 (Euro 140.0 million, or 14.4% of sales).
The net profit amounted to Euro 89.5 million (Euro 103.0 million at the end of 2020). The 2020 result was positively affected by the recognition of deferred tax assets of Euro 11.7 million, recognised following monetary revaluations carried out by some Italian companies of the Group.
The cash flow amounted to Euro 213.1 million (19.1% of sales), slightly lower than in 2020 (equal to Euro 219.2 million).
The technical investments carried out in 2021 amounted to Euro 123.3 million (Euro 106.3 million in 2020).
The average number of employees as at December 31, 2021 amounted to 4,916 (4,504 as at December 31, 2020).
The net financial indebtedness was equal to Euro 310.9 million (250.3 million as at December 31, 2020).

MANAGEMENT TREND

During 2021, the technical gas sector showed an increase in sales of 27.4% when compared with the previous year achieving a turnover from third-party customers equating to Euro 558.4 million. On a like-for-like basis, organic growth was 18.6%.
Sales in the technical gas sector recorded a very significant growth following the recovery, in all European countries, of industrial activities, after a 2020 year in which many industrial sectors had experienced reductions in business following lockdowns and several waves of Covid-19.
In addition to the recovery of industrial activities, medical gases also continued to experience strong demand from hospitals, especially in south-eastern European countries and also in India, following the Covid-19 pandemic waves.
The home care business reported a growth by 3.5%, both in Italy and outside of Italy, with sales to third-party customers of Euro 554.5 million.
The growth in the sector was affected by the slow recovery of new patient prescriptions, activity that had come to a virtual standstill due to reduced activity in hospitals and laboratories as a result of the pandemic. Moreover, the sales of medical equipment that had characterised 2020, especially during the first phase of the Covid-19 pandemic, did not materialise in 2021.

Overall, in the healthcare sector, the Group's sales amounted to Euro 718.8 million, or 64.6 % of total turnover.
The gross operating margin increased by Euro 5.4 million or 2.1 % compared to 2020.
The operating result decreased by Euro 4.2 million compared to 2020.
The trend in margins was negatively affected, especially in the second half of the year, by the rapid, unpredictable and abnormal increase in the cost of electricity, which is the main raw material in the production of technical gases.
Towards the end of 2021, the cost of purchasing electricity was 5/6 times higher than at the beginning of the year. The Group companies reacted by trying to pass on the higher production costs in their selling prices, but given the speed and scale of the increases, it was not always possible to fully recover them in such a short period of time.
The Group's net indebtedness increased by only Euro 60.6 million, compared to December 31, 2020, against technical and intangible investments and acquisitions of Euro 234.3 million made in 2021.
The debt ratios remain very solid, with a debt/equity ratio of 0.43 and a cash flow cover of 1.19.
During 2021, technical gas reserves remained within the safety levels.
In 2021, the SOL Group's work force increased by 488 people, from 4,613 to 5,101. Personnel training and qualification activities, aimed at improving the qualities of our people committed to pursuing the Group's development objectives, continued on a regular basis.

SHARE PERFORMANCE ON THE STOCK EXCHANGE

SOL stock opened 2021 with a price of Euro 14.30 and closed as at December 30, 2021 at Euro 21.15.
During the year, the stock achieved a maximum price of Euro 22.85, while the minimum came to Euro 13.90.

QUALITY, SAFETY, HEALTH AND ENVIRONMENT

The focus on issues of quality, health, safety and environment was constantly high throughout 2021 thanks to an intense internal auditing activity and with checks by third parties, both by Notified Bodies for Certification and by the Auditing Bodies of the Public Administration.
All of these checks have always had a positive outcome.
Overall, the certifications obtained over the years pursuant to international standards ISO 9001, ISO 14001, ISO 13485, OHSAS 18001/ISO 45001, ISO 22000 - FSSC 22000, ISO 50001, ISO 27001, ISO 22301, ISO 17025 were not only renewed, but extended to new activities (ISO 9001) as well as other operational sites of the Group.
The certification status was confirmed also with reference to the enforcement of the PED Directive for the internal production of vaporisers and of the 93/42 Directive for the production of medical devices.
Always during 2021, the accreditation according to ISO 17025 was confirmed for the analytical methods applied in the laboratory of SOL GAS PURI, of GTS (Albania), of SOL SERBIA and of STERIMED Srl, companies that therefore maintained the status of a Testing Laboratory approved and accredited by the ACCREDIA accreditation body.
During 2021, the SOL GAS PURI unit obtained ISO 17034 accreditation from ACCREDIA as a producer of certified environmental mixtures.
In the field of technical gases and biotechnology, ISO 9001 certification status of the individual sites currently stands at 42 sites in Italy and 49 outside of Italy (one of which belongs to the German company CT BIOCARBONIC, a jointly controlled company).
In the area of food safety, the number of sites outside of Italy certified to ISO 22000 is 28 (of which one belongs to the German company CT BIOCARBONIC), while in Italy, where the market requires this certification to a

lesser extent in the area of food additive gases, the sites are 2.
The FSSC 22000 certified sites among those certified to ISO 22000 are 23 sites outside of Italy (of which 1 belonging to the German company CT BIOCARBONIC) and 2 in Italy.
As part of the activities related to technical gas, ISO 14001 certification was confirmed for the environmental management system for 11 sites in Italy and 11 sites outside of Italy.
The certification of the safety management system according to the ISO 45001/OHSAS 18001 standard is applied in 40 sites in Italy and 8 sites outside of Italy.
The excellence certification status (ISO 9001, ISO 14001, ISO 45001/OHSAS 18001) was confirmed, maintaining European EMAS Registration for the Verona, Mantua and Jesenice (Slovenia) plants.
During 2021, the renewal process for the Integrated Environmental Authorisation of the Ancona production centre was also successfully completed.
As part of home care activities, the certification status (ISO 9001) of the VIVISOL sites was 22 sites in Italy and 38 sites outside of Italy.
The ISO 14001 environmental management system certification of VIVISOL Srl and eight other sites outside Italy was also confirmed.
Certification of the safety management system according to the ISO 45001/OHSAS 18001 standard, applied in 21 sites in Italy and 8 sites outside of Italy, was also confirmed.
The Sustainability Report will accompany the Financial Statements this year as well, which was prepared in accordance with the requirements of Articles 3 and 4 of Italian Legislative Decree no. 254 of 30 December 2016 and the *Global Reporting Initiative Sustainability Reporting Standards* defined in 2016 by the G*RI - Global Reporting Initiative* (*GRI* Standards).
Work also continued on the implementation of the Responsible Care Programme and in accordance with the principles of corporate Social Responsibility.
Note that at the end of September 2021, at the Humanitas University Campus in Rozzano, an accident occurred during which two employees of the company Pé Autotrasporti that was transporting and supplying liquid nitrogen gas on behalf of SOL Spa to the Humanitas cryobank, died. The public-prosecutor's office of Milan, as is usual practice in these cases, opened an investigation for the crime of manslaughter.
At the moment, the procedure involves all the subjects abstractly involved in the affair, i.e. Humanitas, the company Pé Autotrasporti and SOL Spa, together with their legal representatives.
Investigation activities are currently ongoing and, given their complexity, have been extended until September 2022.

CONSOLIDATED NON-FINANCIAL STATEMENT

The consolidated non-financial statement of SOL Spa for the year 2021, prepared in accordance with Italian Legislative Decree 254/16, constitutes a separate report ("Sustainability Report") with respect to this management report, as provided for by Article 5 paragraph 3, letter b) of Italian Legislative Decree 254/16, and is available on the company's website http://www.solgroup.com/, in the "Sustainability" section.

PHARMACEUTICAL-REGULATORY ACTIVITIES AND MEDICAL DEVICES

The group's regulatory activities, both in Italy and abroad, continued in 2021 as well.
Despite the difficulties caused by the pandemic, the SOL Group consolidated its pharmaceutical presence in three Countries by obtaining authorisations to produce medical gases in Ireland, Morocco and Turkey.
For the SOL GAS PURI unit, the new production line for the active pharmaceutical ingredient nitric oxide and the

nitric oxide-based medical gas "Neophyr" was also authorised by AIFA.
At the end of 2021, the Group has:

- 149 Marketing Authorisations filed in 24 countries (18 EU and 6 non-EU);
- 63 Pharmaceutical Workshops, of which 61 are gas production workshops, plus the Sitex workshop (production of Galenic drugs) and the DIATHEVA workshop (production of API from Biotechnology).
- The number of Pharmaceutical Workshops of gas production (15 in the home care sector, 5 of which in Italy, and 46 in the Technical Gas sector, 17 of which in Italy) is 22 in Italy and 39 abroad (distributed in 17 countries);
- 40 Technical Files and related CE markings for Medical Devices of which 5 related to gases (involving 19 production sites) and 35 related to equipment and installations;
- 11 Technical files and related CE markings for in vitro diagnostic devices for DIATHEVA activities (there were 9 in 2020 plus 2 for Covid diagnostics) plus 1 for SOL activities (CO_2 IVD for cell incubators).

In 2021, 5 GMP inspections of gas production workshops were carried out by the relevant national agencies.
All medical product approvals (CE medical device marking) already previously obtained by several Group companies were renewed or maintained: medical gas distribution systems, vacuum and anaesthetic gas exhaust systems (3 manufacturers), cryobanks (1 manufacturer), air compressor stations (1 manufacturer), gases and mixtures (1 manufacturer, 5 product lines), pressure reducers and other products related to the administration of medical gases (3 manufacturers, 22 product lines). Two new markings were also added, paving the way for new developments in the field of electro-medical devices, hitherto not included in research and development activities, and of strategic interest for the Group's development: the first concerns a simplified device for administering and monitoring nitric oxide-based inhalation therapies called "Geanox", and the second concerns cryobank control and management systems (*Cryobanks Smart Control - CSC*).

SOL GROUP INVESTMENTS

During the 2021 financial year, investments were made for Euro 62.5 million in the "technical gases" sector, of which Euro 24.6 million by the parent company SOL Spa, and Euro 69.8 million in the "home care" sector. The main investments made were as follows:

- at the SOL GAS PRIMARI plant in San Martino Buon Albergo, work was completed on the construction of the new liquid nitrogen production unit, the new liquid nitrogen storage section and the strengthening of the overall production of oxygen and argon of the existing plant;
- in the SOL branch in Cremona, work is underway to upgrade the storage and compression of gaseous helium;
- the SOL Spa Belgium branch completed work on a new plant to produce carbon dioxide of biologic origin at the BIOWANZE company's plant in the municipality of Wanze;
- in Verona, at IL POINT, work continued on modernising the entire site with the creation of the new area dedicated to orthopaedics and the creation of the new centre for orthopaedic prostheses;
- In Tilburg, the Netherlands, work began on modernising the nitrous oxide production plant at SOL NEDERLAND;
- in Burgbrohl, Germany, SKS WERK began work on modernising its carbon dioxide production plant;
- in Arnstadt, Germany, work is nearing completion on the construction of the new VIVISOL DEUTSCHLAND hub, the main storage and distribution point for home care products;
- in Poland, PALLMED completed the modernisation of its nursing care facility in Znin;
- in Slovenia, work was completed on the modernisation and structural consolidation of ENERGETIKA's HE Gorje hydroelectric power station;
- the programme for the improvement, modernisation and rationalisation of primary production plants of technical gases in Europe continued. This activity concerned the units of Augusta (Italy) and Skopje (North Macedonia), in particular;

- the programme for the improvement, modernisation and rationalisation of secondary production plants of technical and medical gases continued. This activity concerned the units of Ancona, Marcianise and Padua in Italy, Jesenice in Slovenia and Krefeld in Germany, in particular;
- a number of on-site industrial and medical systems were built and launched in Italy as well as abroad, and means of transport, distribution and product sales have been enhanced with the purchase of cryogenic tanks, cryogenic liquid distribution reservoirs, cylinders, dewars and electrical medical devices, to sustain the group's development in all sectors of activity and geographic areas;
- investments continued to improve IT systems for both the technical gas and home care sectors.

MAJOR CORPORATE TRANSACTIONS

During 2021, several acquisitions were made, both in Italy and abroad. The most important ones are highlighted below:

- the parent company SOL Spa increased its stake in SOL INDIA from 50 % to 86.37 %;
- AIRSOL Srl acquired a 99.78 % stake in AIR LIQUIDE HELLAS, (now TAE Hellas). The acquired company is one of the leaders in the Greek market for technical gases and, in turn, also controls 100 % of the share capital of VIVICARE HELLAS, an operator in the Greek home care market;
- AIRSOL Srl acquired 100 % of OXYTECHNIC spol. sro, based in Prague (Czech Republic), which operates in the respiratory home care service sector. With this acquisition, the SOL Group entered a new European market in the home care service sector;
- AIRSOL Srl acquired the remaining 30 % of the shares of the Polish companies PALLMED spzoo and MEDSEVEN spzoo from the other minority shareholders, bringing its shareholding to 100 %;
- AIRSOL Srl acquired 70 % of the Chinese companies SHANGHAI SHENWEI MEDICAL GAS Co. Ltd and SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co., Ltd and 30 % of SHANGHAI JIAWEI MEDICAL GAS Co., Ltd, active in the Chinese market in the field of medical gases and health services;
- AIRSOL Srl acquired 100 % of the German company KSD KOHLENSÄURE-DIENST GmbH, active in the sale of CO_2;
- VIVISOL Srl acquired 100 % of ISIMED Srl, a company active in home care in Italy.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research activities, which characterise and support the Group's development, continued during the year; these activities mainly comprise research associated with the development of new production and distribution technologies in Europe, with the promotion of new applications for technical gases and with the development of new services in health and home care.

SHARES OF THE PARENT COMPANY HELD BY GROUP COMPANIES

As at December 31, 2021, the Parent Company SOL Spa did not own treasury shares.
The other companies of the Group did not own shares of the parent company SOL Spa.
During the 2021 reporting year, no SOL shares were purchased or sold either by the Parent Company itself or by other Group Companies.

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

Transactions carried out with related parties, including intra-group transactions, cannot be considered as atypical or unusual, as they are part of the normal activities of Group companies. These transactions are settled at arm's length, taking into account the characteristics of the supplied goods and services.
Information concerning relations with related parties, including those requested by the Consob communication dated July 28, 2006, is presented in our Consolidated Financial Statements as at December 31, 2021.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE SOL GROUP IS EXPOSED

RISKS RELATED TO THE GENERAL ECONOMIC TREND

The Group performance is affected by the increase or decrease of the gross national product and industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
The trend of the Covid-19 pandemic and the recent Ukrainian crisis could cause a slowdown in various sectors of the economy in the countries where the SOL Group operates.

RISKS RELATING TO THE GROUP'S RESULTS

The SOL Group partially operates in sectors considerably regulated by economic cycles related to the trend in industrial production, such as the steel, metal working, engineering and glass manufacturing industries. In the case of an extended decline in business, the growth and profitability of the Group could be partially affected.
Moreover, government policies for reducing healthcare expenses could reduce margins in the home care and medical gas sectors.

RISKS RELATED TO FUND REQUIREMENTS

The SOL Group carries on an activity that entails considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new loans.
Operational management should continue to generate sufficient financial resources, while the use of new loans, notwithstanding the Group's excellent capital and financial structure, may show higher spreads than in the past.

OTHER FINANCIAL RISKS

The Group is exposed to financial risks associated with its business operations:

- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments and with the financing of working capital;
- market risks (mainly relating to exchange and interest rates and to commodity costs), in that the Group operates internationally in different currency areas and uses interest-bearing financial instruments.

CREDIT RISK

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.

Positions amongst trade receivables for which objective partial or total non-recoverability is ascertained, are subject to individual write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, taking into account the historic experience, the statistical data and, as a result of the introduction of the new accounting standard *IFRS9*, on the basis of a predictive approach, based on the counterparty's probability of default, the ability to recover in case of Loss Given Default and also of expected future losses.

LIQUIDITY RISK

The liquidity risk may arise with the inability to raise, under good financial conditions, the financial resources necessary for the anticipated investments and the financing of working capital.

The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.

Management believes that the funds and the credit facilities currently available, in addition to those that will be generated by operating and financing activities, will permit the Group to satisfy its requirements resulting from investment activities, working capital management and debt repayments on their natural maturity dates.

EXCHANGE RATE RISK

In relation to sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company that holds them.

A number of Group subsidiary companies are located in Countries outside the Eurozone, in particular Switzerland, Bosnia, Croatia, Serbia, Albania, North Macedonia, Bulgaria, Hungary, Romania, the UK, Poland, Czech Republic, India, Turkey, Brazil and China. Since the reference currency for the Group is the Euro, the income statements of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.

Assets and liabilities of the consolidated companies whose reporting currency is not the Euro can adopt equivalent values in Euro that differ depending on the exchange rate trend. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".

Some Group companies purchase electricity that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar exchange rate and by the price trend of energy commodities. The risk related to their fluctuations is mitigated by signing, as much as possible, fixed price purchase contracts or with a variation measured over a longer time period. Moreover, long-term supply contracts to customers are

index-linked in such a way as to cover the fluctuation risks shown above.
The Parent Company has two bond loans outstanding for a total of USD 32 million. To hedge the exchange rate risk, two cross currency swaps were made in Euros on the total loan amount and for the entire duration (12 years). The fair value of the CCSs as at December 31, 2021 was positive in the amount of Euro 2,885 thousand.
With regard to the currency weakness involving the Turkish lira, note that Group companies resident in Turkey operate only within the country, but there could be a negative effect on their profitability as a result of the higher cost of products purchased from third countries.
Since these are non-significant companies, the effect on the Group's consolidated financial statements is not significant.

INTEREST RATE RISK

The interest rate risk is managed by the Parent Company by centralising most of the medium/long-term debt and by appropriately dividing the loans between fixed rate and floating rate, favouring, when possible and convenient, medium/long-term debt with fixed rates, also through specific Interest Rate Swap agreements.
Some Group companies have entered into a number of Interest Rate Swap agreements linked to two floating rate medium-term loans with the aim of guaranteeing a fixed rate on said loans. The nominal value as at December 31, 2021 is equal to Euro 163,441 thousand and the negative fair value is equal to Euro 1,662 thousand.

RISKS RELATING TO PERSONNEL

In various countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of staff numbers - through representations. This could affect the Group's flexibility in strategically redefining its own organisations and activities.
The management of the Group consists of persons of proven expertise who normally have long-standing experience in the sectors in which the Group operates. The replacement of any person in management may require a long period of time.

RISKS RELATED TO THE ENVIRONMENT AND CLIMATE CHANGE

The products and the activities of the SOL Group are subject to increasingly complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on atmospheric emissions, waste disposal and waste water disposal and the ban on land contamination.
High charges should be shouldered in order to observe such regulations.
Please refer to the Non-Financial Statement for a more detailed discussion of the initiatives implemented by the Group.

RISKS RELATING TO IT MANAGEMENT AND DATA SECURITY

The increasing use of IT tools in the management of company activities and the interconnection of company systems with external IT infrastructures expose these systems to potential risks with regard to the availability, integrity and confidentiality of data, as well as the efficiency of the IT tools themselves.
To ensure effective business continuity, the Group adopted a disaster recovery and business continuity system to ensure immediate replication of the main legacy system workstations. The choice of these systems to be managed in business continuity was made on the basis of a risk analysis.
Moreover, multiple levels of physical and logical protection, at the level of servers and at the level of clients, ensure the active security of data and business applications. The company also has innovative artificial intelligence-based products to protect the digital identity of its employees.
Vulnerability analyses and audits on the security of information systems are periodically carried out by independent technicians to check the adequacy of the company's IT systems.
Finally, with regard to the problem of fraud through the use of IT resources by external parties, all employees are periodically informed and trained on the correct use of the resources and IT applications available to them.

TAX RISKS

The SOL Group is subject to taxation in Italy and in several other foreign jurisdictions.
The various companies of the Group are subject to the assessment of the income tax returns by the competent tax authorities of the countries in which they operate.
As already occurred in the past, any findings reported in the tax audits are carefully assessed and, when necessary, challenged in the appropriate venues.
At present, a dispute is in progress in Italy for findings - considered groundless - on Transfer pricing".
The opening of the *MAP* (*Mutual Agreement Procedure*) between Italy and four other European countries has been requested and has not yet been completed.
However, at Group level, this should not have a significant effect on profitability, given that the level of taxation in the countries involved is very similar.

RISKS DERIVING FROM THE WAR IN UKRAINE

The risks to which the SOL Group is exposed in connection with the war between Russia and Ukraine that broke out in February 2022 are essentially indirect, in that there are no activities carried out directly by subsidiaries in the two countries involved.
In fact, the likely negative effects caused by the current conflict on the economic growth of European countries will lead to a lower rate of development of the SOL Group's sales during 2022 than that achieved during 2021.
Moreover, the war is contributing to keeping the cost of energy products at the high levels already reached in the last part of 2021, resulting in the continued high cost of purchasing electricity and fuel; this could mean the risk of not being able to fully transfer these costs to the sales prices of technical gases and services on the market, with a consequent negative effect on the Group's margins compared to the average of recent years.
In particular, a significant effect on home care activities is on the supply chain of medical equipment, for which there are delays and difficulties in deliveries and consequent shortages to meet growing demand.

MANAGEMENT AND CO-ORDINATION ACTIVITIES (PURSUANT TO ARTICLE 37, PARAGRAPH 2, MARKET REGULATION ISSUED BY CONSOB)

The body of shareholders of SOL Spa consists of a controlling shareholder, GAS AND TECHNOLOGIES WORLD Bv, (in turn controlled by STICHTING AIRVISION, a Dutch foundation), which holds 59.978 % of the share capital.
Neither GAS AND TECHNOLOGIES WORLD Bv nor STICHTING AIRVISION exercise the activity of direction and coordination of SOL Spa pursuant to art. 2497 of the Italian Civil Code, as the majority shareholder, a holding company, is limited to exercising the rights and prerogatives of each shareholder and does not get involved, with the management of the Company (fully entrusted to the autonomous decisions of the Board of Directors of SOL Spa).

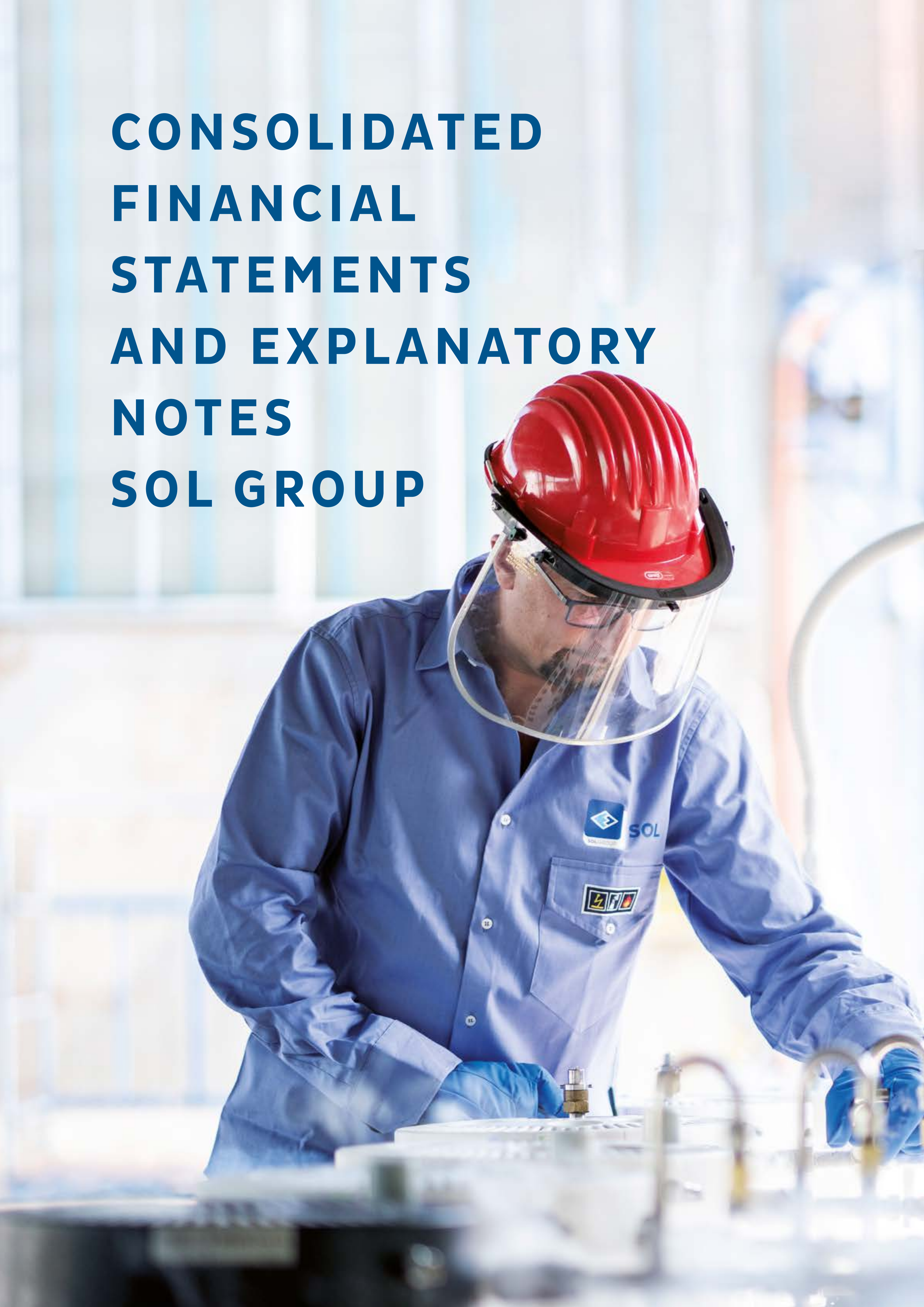
IMPORTANT FACTS OCCURRING AFTER THE 2021 REPORTING PERIOD AND BUSINESS OUTLOOK

The ongoing war in Ukraine, which began in February 2022 with Russia's invasion of Ukraine, is causing unprecedented price hikes in oil, gas, electricity and other products.
This is reflected in the production and purchase costs of technical gases and, due to inflationary effects, also in investment and operating costs.
At the moment, it is not possible to foresee the effects on the Group's margins, which, however, will continue with its investment programmes and, where possible, acquisitions, with the aim of achieving good sales growth and maintaining profitability at appreciable levels.

Monza, March 30, 2022

The Chairman of the Board of Directors
(Aldo Fumagalli Romario)

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES SOL GROUP



SOL GROUP CONSOLIDATED INCOME STATEMENT

(amounts in thousands of Euro)

	Notes	12.31.2021	%	12.31.2020	%
Net sales	1	**1,112,909**	**100.0%**	973,833	100.0%
Other revenues and income	2	11,060	1.0%	9,875	1.0%
Internal works and collections	3	18,933	1.7%	12,488	1.3%
Revenues		**1,142,901**	**102.7%**	996,196	102.3%
Purchase of materials		306,023	27.5%	240,540	24.7%
Services rendered		319,511	28.7%	277,282	28.5%
Change in inventories		(2,380)	-0.2%	(14,459)	-1.5%
Other costs		24,761	2.2%	24,432	2.5%
Total costs	4	**647,915**	**58.2%**	527,794	54.2%
Added value		**494,987**	**44.5%**	468,401	48.1%
Payroll and related costs	5	234,209	21.0%	213,009	21.9%
Gross operating margin		**260,778**	**23.4%**	255,392	26.2%
Depreciation/amortisation	6	119,296	10.7%	110,986	11.4%
Provisions and write-downs	6	5,711	0.5%	4,419	0.5%
Non-recurring (income)/expenses	6	-	0.0%	-	0.0%
Operating result		**135,771**	**12.2%**	139,987	14.4%
Financial income		2,406	0.2%	2,168	0.2%
Financial expense		(11,472)	-1.0%	(11,998)	-1.2%
Results from equity investments		(777)	-0.1%	20	0.0%
Total financial income/(expense)	7	**(9,843)**	**-0.9%**	(9,810)	-1.0%
Profit (Loss) before income taxes		**125,928**	**11.3%**	130,177	13.4%
Income taxes	8	32,170	2.9%	21,943	2.3%
Net result from business activities		**93,757**	**8.4%**	108,234	11.1%
Net result from discontinued operations		-	0.0%	-	0.0%
(Profit)/Loss pertaining to minority interests		(4,208)	-0.4%	(5,187)	-0.5%
Net Profit/(Loss)		**89,549**	**8.0%**	103,047	10.6%
Earnings per share		**0.987**	-	1.136	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SOL GROUP

(amounts in thousands of Euro)

	12.31.2021	12.31.2020
Profit/(Loss) for the year (A)	**93,757**	108,234
Components that will never be reclassified to the Income Statement		
Actuarial gains/(losses)	550	(979)
Tax effect	(126)	244
Total components that will never be reclassified to the Income Statement (B1)	**424**	(735)
Components that may be reclassified to the Income Statement		
Profits/(losses) on cash *flow hedging instruments*	5,071	(4,667)
Profits/(losses) deriving from conversion of financial statements of foreign companies	1,522	(6,997)
Tax effect related to other profits (losses)	(1,206)	1,133
Total components that may be reclassified to the Income Statement (B2)	**5,387**	(10,531)
Total other profits/(losses) net of the tax effect (B1) + (B2) = (B)	**5,811**	(11,266)
Overall result for the period (A+B)	**99,569**	96,969
Attributable to:		
- shareholders of the parent company	95,373	92,578
- minority interest	4,195	4,390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION SOL GROUP

(amounts in thousands of Euro)

	Notes	12.31.2021	12.31.2020
Tangible fixed assets	9	615,329	554,573
Goodwill and consolidation differences	10	170,313	139,868
Other intangible fixed assets	11	22,752	18,606
Equity investments	12	12,704	9,433
Other financial assets	13	10,484	6,736
Deferred tax assets	14	21,031	21,695
Non-current assets		**852,612**	750,912
Non-current assets held for sale			
Inventories	15	67,303	63,301
Trade receivables	16	340,023	297,949
Other current assets	17	36,197	25,485
Current financial assets	18	8,671	7,449
Cash and cash at bank	19	139,642	269,181
Current assets		**591,835**	663,365
TOTAL ASSETS		**1,444,448**	1,414,277
Share capital		47,164	47,164
Share premium reserve		63,335	63,335
Legal reserve		10,459	10,459
Reserve for treasury shares in portfolio		-	-
Other reserves		486,904	408,351
Retained earnings (accumulated loss)		845	3,317
Net Profit		89,549	103,047
Shareholders' equity - Group		**698,257**	635,674
Shareholders' equity - Minority interests		18,987	21,987
Profit pertaining to minority interests		4,208	5,187
Shareholders' equity - Minority interests		**23,194**	27,174
Shareholders' equity	20	**721,452**	662,848
Employee severance indemnities and benefits	21	18,696	18,536
Provision for deferred taxes	22	7,362	4,261
Provisions for risks and charges	23	3,070	1,076
Payables and other financial liabilities	24	378,471	446,551
Non-current liabilities		**407,598**	470,425
Non-current liabilities held for sale			
Amounts due to banks		1,643	2,216
Trade accounts payable		150,290	122,222
Other financial liabilities		82,098	78,368
Tax payables		19,216	22,124
Other current liabilities		62,150	56,075
Current liabilities	25	**315,398**	281,004
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,444,448**	1,414,277

CONSOLIDATED CASH FLOW STATEMENT SOL GROUP

(amounts in thousands of Euro)

	Notes	12.31.2021	12.31.2020
CASH FLOW GENERATED BY OPERATING ACTIVITIES			
Profit for the year		**89,549**	103,047
Minority interests in profit/loss		**4,208**	5,187
Adjustments to items not affecting liquidity			
Depreciation/amortisation	6	119,296	110,987
Interest on loans and on bonds	7	7,982	7,926
Employee severance indemnities and benefits accrued	5	1,307	2,399
Provisions/Use of provisions for risks and charges	22 - 23	3,825	741
Taxes for the period	8	**29,072**	33,769
Cash flow before changes in nwc		**255,239**	264,056
Changes in current assets and liabilities			
Inventories	15	(1,825)	(13,825)
Trade receivables	16	(20,112)	(17,804)
Other assets	14 - 17	(5,619)	(11,606)
Suppliers	25	17,854	13,727
Other liabilities		(4,387)	71
Tax payables		5,230	2,493
Total changes in current assets and liabilities		**(8,859)**	(26,944)
Other adjustments for non-monetary items		(16,607)	2,890
Taxes paid		(37,209)	(29,875)
Cash flow generated by operating activities		**192,564**	210,127
CASH FLOWS GENERATED BY INVESTMENT ACTIVITIES			
Acquisition of tangible fixed assets	9	(123,298)	(106,289)
Revaluations and other changes in tangible fixed assets	9	(15,305)	(20,025)
Increases in intangible assets		(9,149)	(11,686)
(Increase) decrease in long-term investments	13	(2,409)	1,585
(Increase) decrease of equity investments and business units		(78,137)	8,082
(Increase) decrease in current financial assets	18	(1,222)	560
Total		**(229,520)**	(127,773)
CASH FLOWS GENERATED BY FINANCING ACTIVITIES			
Repayment of loans		(47,715)	(37,161)
Raising of new loans		279	30,200
Redemption of bonds		(11,937)	(12,099)
Undertaking bonds		-	70,000
Change in leases		(1,925)	2,783
Raising (repayment) of shareholders' loans		(224)	137
Dividends paid	20	(23,857)	(22,350)
Interest on loans and on bonds paid		(8,153)	(7,885)
Total		**(93,532)**	23,625
Effect of exchange rate fluctuations	20	1,522	(6,996)
INCREASE (DECREASE) IN CASH IN HAND AND AT BANK		**(128,966)**	98,983
CASH IN HAND AND AT BANK AT BEGINNING OF YEAR	19	**266,964**	167,981
CASH IN HAND AND AT BANK AT END OF YEAR	19	**137,998**	266,964

Flows are shown net of the effect of acquisitions on the Group's assets and liabilities, as indicated in Chapter 10 - Goodwill and consolidation differences.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY SOL GROUP

(amounts in thousands of Euro)

	Share capital	Share premium reserve	Legal reserve	Other reserves	Net profit	Total Group shareholders' equity	Total shareholders' equity pertaining to minority interests	**Total shareholders' equity**
Balance as at 01.01.2020	47,164	63,335	10,459	390,268	49,338	560,564	19,356	579,919
Allocation of 2019 profit	-	-	-	33,466	(33,466)	-	-	-
Dividend distribution	-	-	-	-	(15,873)	(15,873)	(2,396)	(18,268)
Other consolidation changes	-	-	-	(1,596)	-	(1,596)	5,824	4,229
Profit (loss) for the financial year	-	-	-	(10,469)	103,047	92,578	4,390	96,969
Balance as at 12.31.2020	**47,164**	**63,335**	**10,459**	**411,669**	**103,047**	**635,674**	**27,174**	**662,848**
Allocation of 2020 profit	-	-	-	87,175	(87,175)	-	-	-
Dividend distribution	-	-	-	-	(15,873)	(15,873)	(3,903)	(19,776)
Other consolidation changes	-	-	-	(16,917)	-	(16,917)	(4,272)	(21,189)
Profit (loss) for the financial year	-	-	-	5,824	89,549	95,373	4,195	99,569
Balance as at 12.31.2021	**47,164**	**63,335**	**10,459**	**487,750**	**89,549**	**698,257**	**23,194**	**721,452**

EXPLANATORY NOTES

The 2021 consolidated financial statements have been drawn up in accordance with the International Accounting Standards (*IFRS*) established by the *International Accounting Standards Board* and approved by the European Union. The *IFRS* are understood to also be all the international accounting standards reviewed (*IAS*), all the interpretations of the *International Financial Reporting Interpretations Committee* (*IFRIC*), previously known as the *Standing Interpretations Committee* (*SIC*), approved by the European Union and contained in the relevant EU Regulations.
The financial statements are prepared on the basis of the historical cost principle, amended as requested for the valuation of various financial instruments, as well as on a going concern basis. The SOL Group, in fact, evaluated that no significant uncertainties exist (as defined by paragraph 25 of accounting standard *IAS 1*) on the principle of going concern
The income statement has been drawn up with the allocation of the costs by nature; the Balance Sheet has been prepared in accordance with the format that highlights the separation of the "current/non-current" assets and liabilities, while the indirect method was adopted for the statement of cash flows, adjusting the profit for the period of non-monetary components. Statement of changes in shareholders' equity shows comprehensive income (expenses) for the year and other changes in Shareholders' Equity.
In the income statement, income and costs deriving from non-recurring operations have been shown separately.
The analysis of the income statement and the consolidated statement of financial position and cash flow statement has also been carried out in accordance with the provisions of *IFRS 8*, highlighting the contribution of the "technical gases" and "home care service" activity sectors taken as primary sectors and providing the most important data relating to the activities by geographic area, Italy and other countries, identified as secondary sectors.
Further to the enforcement of Legislative Decree no. 38 of February 28, 2005, implementing in the Italian regulations the European Regulation No. 1606/2002, companies with securities admitted for trading on Member European Union States' regulated markets must from 2006 draw up their financial statements in accordance with the international accounting standards (*IAS/IFRS*) issued by the *International Accounting Standard Board* (*IASB*), as approved by the EU Commission.
The financial statements and the notes to the financial statements have been prepared supplying also the additional information on diagrams and budget disclosure provided by Consob resolution no. 15519 and by Consob notification no. 6064293 issued on July 28, 2006.

GROUP COMPOSITION AND SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements as at December 31, 2021 of the SOL Spa Parent Company and of the following companies, which are, pursuant to Article 38, paragraph 2 of Italian Legislative Decree No. 127/91 as amended by the provisions of Italian legislative decree no. 139 of August 18, 2015 "Implementation of directive 2013/34/EU related to the financial statements, consolidated financial statements and related reports of certain types of companies, amending directive 2006/43/EC and repealing directives 78/660/EEC and 83/349/EEC, for the part related to the regulations of the financial statements and consolidated financial statements".

a) directly or indirectly controlled subsidiaries, consolidated on a line-by-line basis:

Company name and registered office		Share capital	Ownership percentage Direct	Indirect	Total
AIRSOL S.r.l. - Monza	EUR	7,750,000	100.00%		100.00%
ALLERSHAUSEN CARE GmbH - Neufahrn bei Freising	EUR	25,000		70.00%	70.00%
BTG BVBA - Lessines	EUR	5,508,625		100.00%	100.00%
BEHRINGER FRANCE Sarl - Saint Andre Lez Lille	EUR	10,000		51.00%	51.00%
BEHRINGER Srl - Genoa	EUR	102,000	2.00%	49.00%	51.00%
BIOTECHSOL Srl - Monza	EUR	110,000	51.00%	49.00%	100.00%
CTS Srl - Monza	EUR	156,000	100.00%		100.00%
CRYOLAB Srl - Rome	EUR	509,021	85.00%		85.00%
CRYOS Srl - Peveragno	EUR	40,000		70.00%	70.00%
DIATHEVA Srl - Cartoceto	EUR	260000	82.00%		82.00%
DIRECT MEDICAL Ltd Company - Athlone	EUR	100		100.00%	100.00%
DN GLOBAL HOMECARE Ltda - Salvador	BRL	1,968,130		46.75%	46.75%
DOLBY HEALTCARE Ltd - Stirling	GBP	300,100		100.00%	100.00%
DOLBY MEDICAL HOME RESPIRATORY CARE Ltd - Stirling	GBP	15,100		100.00%	100.00%
ENERGETIKA ZJ doo - Jesenice	EUR	999,602	100.00%		100.00%
FLOSIT Sas - Casablanca	MAD	12,000,000	99.97%	0.03%	100.00%
FRANCE OXYGENE Sarl - Templemars	EUR	1,300,000		100.00%	100.00%
GEBZE GAZ As - Gebze	TRY	4,003,000		85.00%	85.00%
GLOBAL CARE ASSISTENCIA DOMICILIAR Ltda - San Paolo	BRL	10,736,528		84.83%	84.83%
GTH GAZE INDUSTRIALE Sa - Bucharest	RON	14,228,583	99.99%		99.99%
GTS Shpk - Tirana	ALL	292,164,000	100.00%		100.00%
HYDROENERGY Shpk - Tirana	ALL	1,444,108,950	96.04%		96.04%
ICOA Srl - Vibo Valentia	EUR	45,760	97.60%		97.60%
IL POINT Srl - Verona	EUR	98,800		81.00%	81.00%
INTENSIVPFLEGEDIENST KOMPASS GmbH - Munich	EUR	25,000		70.00%	70.00%
INTENSIVSERVICE WANNINGER GmbH - Regensburg	EUR	40,000		100.00%	100.00%
IRISH OXYGEN COMPANY Ltd - Cork	EUR	697,802		50.01%	50.01%
ISIMED Srl - Impruneta	EUR	10,000		100.00%	100.00%
KSD KOHLENSÄURE-DIENST GmbH - Bretzfeld	EUR	30,000		100.00%	100.00%
MBAR ASSISTANCE RESPIRATOIRE Sas - Ballan Mire	EUR	7,622		100.00%	100.00%
MEDES Srl - Settimo Milanese	EUR	10,400	51.00%		51.00%
MEDSEVEN spzoo - Osielsko	PLN	646,000		100.00%	100.00%
MEDTEK MEDIZINTECHNIK GmbH - Grunstadt	EUR	75,000		100.00%	100.00%
MEL ad - Trn	BAM	2,005,830	80.00%		80.00%
OXYTECHNIC, spol. sro - Praga	CZK	100,000		100.00%	100.00%
P PAR PARTICIPACOES Ltda - San Paolo	BRL	17,733,045		85.00%	85.00%
PALLMED spzoo - Bydgoszcz	PLN	800,802		100.00%	100.00%
PERSONAL GENOMICS Srl - Verona	EUR	500,000		84.71%	84.71%
PIELMEIER MEDIZINTECHNIK GmbH - Taufkirchen	EUR	25,000		100.00%	100.00%
PORTARE Ltda - San Paolo	BRL	2,000,000		85.00%	85.00%
REVI Srl - Surbo	EUR	52,000		80.00%	80.00%
RESPITEK As - Istanbul	TRY	4,390,000		70.00%	70.00%
SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co. Ltd - Shanghai	CNY	5,000,000		70.00%	70.00%
SHANGHAI SHENWEI MEDICAL GAS Co. Ltd - Shanghai	CNY	10,000,000		70.00%	70.00%
SICGILSOL GASES PRIVATE Ltd - Pudukudi	INR	140,000,000		86.37%	86.37%
SITEX MAD Sa - Plan-les-Ouates	CHF	110,000		100.00%	100.00%
SITEX Sa - Plan-les-Ouates	CHF	400,000		100.00%	100.00%
SOL BULGARIA Ead - Sofia	BGN	19,305,720	100.00%		100.00%
SOL CROATIA doo - Sisak	HRK	30,771,300	100.00%		100.00%
SOL DEUTSCHLAND GmbH - Krefeld	EUR	7,000,000		100.00%	100.00%
SOL FRANCE Sas - Eragny	EUR	13,000,000		100.00%	100.00%
SOL GAS PRIMARI Srl - Monza	EUR	500,000	100.00%		100.00%
SOL GROUP LAB Srl - Costabissara	EUR	100,000	100.00%		100.00%
SOL HELLAS Sa - Magoula	EUR	4,947,429		99.72%	99.72%
SOL HUNGARY Kft - Dunaharaszti	HUF	50,010,000		100.00%	100.00%
SOL HYDROPOWER doo - Skopje	MKD	2,460,200	100.00%		100.00%
SOL INDIA PRIVATE Ltd - Chennai	INR	703,991,650	86.37%		86.37%
SOL KOHLENSÄURE GmbH & Co. KG - Burgbrohl	EUR	20,000	100.00%		100.00%
SOL KOHLENSÄURE VERWALTUNGS GmbH - Burgbrohl	EUR	25,000		100.00%	100.00%
SOL KOHLENSÄURE WERK GmbH & Co. KG - Burgbrohl	EUR	10,000		100.00%	100.00%
SOL NEDERLAND Bv - Tilburg	EUR	2,295,000	100.00%		100.00%
SOL REAL ESTATE DEUTSCHLAND GmbH - Neufahrn bei Freising	EUR	25,000		100.00%	100.00%

a) directly or indirectly controlled subsidiaries, consolidated on a line-by-line basis: (cont)

Company name and registered office		Share capital	Ownership percentage Direct	Indirect	Total
SOL SEE doo - Skopje	MKD	497,554,300	97.16%	2.84%	100.00%
SOL SLOVAKIA sro - Bratislava	EUR	75,000		100.00%	100.00%
SOL SRBIJA doo - Nova Pazova	RSD	317,193,834	67.16%	32.84%	100.00%
SOL TG GmbH - Wiener Neustadt	EUR	5,726,728	100.00%		100.00%
SOL TK As - Istanbul	TRY	24,874,000		100.00%	100.00%
SOL-K ShpK - Pristina	EUR	2,010,000	99.72%	0.28%	100.00%
SPG - SOL PLIN GORENJSKA doo - Jesenice	EUR	8,220,664	54.85%	45.15%	100.00%
SPITEX PERSPECTA Ag - Basel	CHF	100,000		100.00%	100.00%
STERIMED Srl - Milan	EUR	100,000		80.00%	80.00%
TPJ doo - Jesenice	EUR	2,643,487	64.11%	35.89%	100.00%
TAE HELLAS Sa - Maroussi	EUR	6,422,227		99.78%	99.78%
TESI Srl TECNOLOGIA & SICUREZZA - Milan	EUR	14,489	89.63%		89.63%
TGP Ad - Petrovo	BAM	1,177,999	61.38%	26.04%	87.42%
TGS doo - Skopje	MKD	419,220,422	100.00%		100.00%
TGT Ad - Trn	BAM	970,081	75.18%		75.18%
UTP doo - Pula	HRK	17,543,800		100.00%	100.00%
UNIT CARE SERVICOS MEDICOS Ltda - San Paolo	BRL	2,084,000		85.00%	85.00%
VIVICARE GmbH - Neufahrn bei Freising	EUR	25,000		70.00%	70.00%
VIVICARE HELLAS Sa - Maroussi	EUR	4,458,600		99.78%	99.78%
VIVICARE HOLDING GmbH - Neufahrn bei Freising	EUR	25,000		100.00%	100.00%
VIVISOL ADRIA doo - Jesenice	EUR	7,500		100.00%	100.00%
VIVISOL B Sprl - Lessines	EUR	162,500	0.08%	99.92%	100.00%
VIVISOL BRASIL Ltda - San Paolo	BRL	11,662,772		94.00%	94.00%
VIVISOL CALABRIA Srl - Vibo Valentia	EUR	10,400		98.32%	98.32%
VIVISOL DEUTSCHLAND GmbH - Neufahrn bei Freising	EUR	2,500,000		100.00%	100.00%
VIVISOL FRANCE Sarl - Vaux le Penil	EUR	3,503,600		100.00%	100.00%
VIVISOL HEIMBEHANDLUNGSGERÄTE GmbH - Vienna	EUR	726,728		100.00%	100.00%
VIVISOL HELLAS Sa - Athens	EUR	540,000		100.00%	100.00%
VIVISOL IBERICA Slu - Arganda del Rey	EUR	5,500,000		100.00%	100.00%
VIVISOL NAPOLI Srl - Marcianise	EUR	98,800		81.00%	81.00%
VIVISOL NEDERLAND Bv - Tilburg	EUR	500,000	100.00%		100.00%
VIVISOL PORTUGAL UNIPESSOAL Lda - Condeixa-a-Nova	EUR	100,000		100.00%	100.00%
VIVISOL SILARUS Srl - Battipaglia	EUR	18,200		56.70%	56.70%
VIVISOL Srl - Monza	EUR	2,600,000	51.00%	49.00%	100.00%

b) jointly controlled companies, consolidated by adopting the equity method:

Company name and registered office		Share capital	Ownership percentage
CONSORZIO ECODUE - Monza	EUR	800,000	50.00%
CT BIOCARBONIC GmbH - Zeitz	EUR	50,000	50.00%

a) non-consolidated subsidiary and associated companies:

Company name and registered office		Share capital	Ownership percentage
BT GASES Ltd - Sittingbourne	GBP	1	100.00%
FLOSIT PHARMA Sa - Casablanca	MAD	5,000,000	100.00%
GTE Sl - Barcelona	EUR	12,020	100.00%
NEMO LAB Srl - Milan	EUR	14,286	30.00%
SHANGHAI JIAWEI MEDICAL GAS Co. Ltd - Shangai	CNY	1,000,000	30.00%
ZDS JESENICE doo - Jesenice	EUR	10,000	75.00%

The companies BT GASES Ltd, FLOSIT PHARMA Sa and GTE Sl were not consolidated in that inactive and not relevant for the purposes of giving a true and fair view of the financial position, the results of the operations and of the cash flows of the Group.

The companies NEMO LAB Srl and SHANGHAI JIAWEI MEDICAL GAS Co. Ltd were not consolidated in that they are minority interests.
ZDS JESENICE doo was not consolidated since it is administered by a minority shareholder.

d) associated companies, consolidated by adopting the equity method:

Company name and registered office		Share capital	Ownership percentage
CONSORGAS Srl - Milan	EUR	500,000	25.79%

Finally, equity investments in other companies were carried at fair value through profit and loss, as they cannot be included among subsidiary and associated companies.

The scope of consolidation between December 31, 2021 and December 31, 2020 underwent the following changes:

- with the inclusion of the company ALLERSHAUSEN CARE GmbH established in December 2020,
- with the inclusion of the Company SOL Real Estate Deutschland GmbH established in December 2020,
- with the inclusion of the company TAE HELLAS Sa acquired in February 2021,
- with the inclusion of the company VIVICARE HELLAS Sa acquired in February 2021,
- with the inclusion of the company OXYTECHNIC spol. sro acquired in May 2021,
- with the inclusion of the company SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co. Ltd acquired in August 2021,
- with the inclusion of the company SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co. Ltd acquired in August 2021,
- with the inclusion of the company PORTARE LTDA acquired in November 2021,
- with the inclusion of the company KSD KOHLENSÄURE-DIENST GmbH acquired in November 2021,
- with the inclusion of the company ISIMED Srl acquired in December 2021,
- with the increase in shareholdings in the company GEBZE GAZ As (from 80% to 85%,
- with the increase in shareholdings in the company GLOBAL CARE ASSISTENCIA DOMICILIAR LTDA from 84.58% to 84.83%,
- with the increase in the shareholdings in the company MEDSEVEN spzoo from 70.05 % to 100%,
- with the increase in the shareholdings in the company PALLMED spzoo from 70 % to 100%,
- with the increase in shareholdings in the company SICGILSOL GASES PRIVATE Ltd from 60.82% to 86.37%,
- with the increase in shareholdings in the company SOL INDIA PRIVATE Ltd from 60.82% to 86.37%.

According to paragraph 264 Section 3 of the German Commercial Code, German subsidiaries:

- ALLERSHAUSEN CARE GmbH - Neufahrn bei Freising
- INTENSIVPFLEGEDIENST KOMPASS GmbH - Munich
- INTENSIVSERVICE WANNINGER GmbH - Regensburg
- KSD KOHLENSAURE-DIENST GmbH - Bretzfeld
- MEDTEK MEDIZINTECHNIK GmbH - Grunstadt
- PIELMEIER MEDIZINTECHNIK GmbH - Taufkirchen
- SOL DEUTSCHLAND GmbH - Krefeld
- SOL KOHLENSÄURE GmbH & Co. KG - Burgbrohl
- SOL KohlensÄURE VERWALTUNGS GmbH - Burgbrohl
- SOL KOHLENSÄURE WERK GmbH & Co. KG - Burgbrohl
- SOL Real Estate Deutschland GmbH - Neufahrn bei Freising
- VIVICARE GmbH - Neufahrn bei Freising
- VIVICARE HOLDING GmbH - Neufahrn bei Freising
- VIVISOL DEUTSCHLAND GmbH - Neufahrn bei Freising

are exempted from the obligation to prepare and publish in Germany both the financial statements in accordance with generally accepted German accounting standards and the report on management and to allow the audit of those financial statements.

ACCOUNTING AND CONSOLIDATION PRINCIPLES

GENERAL PRINCIPLES

The consolidated financial statements of the SOL Group have been drawn up in Euro since this is the legal tender of the economies in the countries where the Group operates. The balances of the consolidated financial statement items, taking into account their importance, are expressed in thousands of Euro. Foreign subsidiaries are included in accordance with the principles described in the section “Consolidation principles - Consolidation of foreign companies.

CONSOLIDATION STANDARDS

Subsidiary companies

These are companies over which the Group exercises control. Such control exists when the Group has the power, directly or indirectly, to determine the financial and operating policies of a company, for the purpose of obtaining the benefits from its activities. The financial statements of the subsidiary companies are included in the consolidated financial statements as from the date when control over the company was taken up until the moment said control ceases to exist. The portions of shareholders’ equity and the result attributable to minority shareholders are indicated separately in the consolidated balance sheet and income statement, respectively.
Subsidiaries are enterprises over which SOL has the power to determine autonomously the strategic choices of the enterprise in order to obtain the related benefits. In general, the existence of control is presumed when more than half of the voting rights in the ordinary Shareholders’ Meeting are directly or indirectly held also considering the potential votes i.e. voting rights deriving from convertible instruments.
Dormant subsidiaries are not included in the consolidated financial statements.

Jointly controlled companies

These are companies over whose activities the Group has joint control, as defined by *IFRS 11* - Joint Arrangements. The consolidated financial statements include the portion pertaining to the Group of the results of the jointly controlled companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Associated companies

These are companies in which the Group does not exercise control or joint control over the financial and operating policies (joint ventures that do not qualify as joint operations and associated companies) over which SOL exercises significant influence in determining their strategic decisions, albeit without having control over them, also considering the potential votes i.e. voting rights deriving from convertible instruments; significant influence is presumed when SOL holds, directly or indirectly, more than 20% of the voting rights in the ordinary Shareholders' Meeting. The consolidated financial statements include the portion pertaining to the Group of the results of the associated companies, recorded using the equity method, as from the date on which the significant influence started and until it ceases to exist.

Equity investments in other companies

Equity investments in other companies (normally involving a percentage ownership of less than 20%) are carried at fair value and possibly written down to reflect any permanent losses in value. Subsequently, gains and losses deriving from changes in fair value are recognised directly in profit or loss for the period as permitted by *IFRS 9*.

Transactions eliminated during the consolidation process

All the balances and the significant transactions between Group companies, as well as unrealised gains and losses on inter company transactions, are eliminated during the preparation of the consolidated financial statements. Any unrealised gains or losses generated on transactions with associated companies are eliminated in relation to the value of the Group’s shareholding in said companies.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate in force as of the date of the transaction. Monetary assets and liabilities in foreign currencies at the reporting date are translated at the exchange rate in force at that date. Exchange differences arising from the settlement of monetary items or from their translation at exchange rates different from those used at the time of initial recording during the year or in previous financial statements, are booked to the income statement.

Consolidation of foreign companies

All the assets and liabilities of foreign companies denominated in currency other than the Euro that are included within the scope of consolidation are converted using the exchange rates in force at the reporting date (current exchange rate method). Income and costs are translated using the average rate for the year. The exchange differences emerging from the application of this method are classified as an equity account until the equity investment is disposed of.
Goodwill and adjustments to the fair value generated by the acquisition of a foreign company are stated in the relevant currency and translated using the period-end exchange rate.

The exchange rates used for converting the financial statements not expressed in Euro are indicated in the table below:

Currency		Exchange rate on 12.31.2021		Average exchange rate 2021		Exchange rate on 12.31.2020		Average exchange rate 2020
Czech Koruna	Euro	0.04023	Euro	0.03900	Euro	-	Euro	-
Macedonian dinar	Euro	0.01623	Euro	0.01623	Euro	0.01625	Euro	0.01622
Serbian dinar	Euro	0.00850	Euro	0.00851	Euro	0.00852	Euro	0.00850
Moroccan dirham	Euro	0.09539	Euro	0.09411	Euro	0.09158	Euro	0.09239
Hungarian forint	Euro	0.00271	Euro	0.00279	Euro	0.00275	Euro	0.00285
Swiss franc	Euro	0.96796	Euro	0.92498	Euro	0.92575	Euro	0.93414
Croatian Kuna	Euro	0.13306	Euro	0.13283	Euro	0.13242	Euro	0.13265
Albanian lek	Euro	0.00828	Euro	0.00817	Euro	0.00808	Euro	0.00808
Bulgarian lev	Euro	0.51130	Euro	0.51130	Euro	0.51130	Euro	0.51130
Turkish Lira	Euro	0.06564	Euro	0.09513	Euro	0.10973	Euro	0.12415
Convertible mark	Euro	0.51129	Euro	0.51129	Euro	0.51129	Euro	0.51129
New Romanian leu	Euro	0.20206	Euro	0.20319	Euro	0.20541	Euro	0.20668
Brazilian real	Euro	0.15848	Euro	0.15679	Euro	0.15690	Euro	0.16966
Indian rupee	Euro	0.01187	Euro	0.01144	Euro	0.01115	Euro	0.01181
British pound	Euro	1.19008	Euro	1.16333	Euro	1.11231	Euro	1.12397
Yuan Renminbi	Euro	0.13899	Euro	0.13109	Euro	-	Euro	-
Polish Zloty	Euro	0.21754	Euro	0.21905	Euro	0.21931	Euro	0.22507

Business combinations

The business combinations are accounted for in accordance with the acquisition method in accordance with *IFRS 3*. According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and liabilities undertaken by the Group at the date of acquisition and of the equity instruments issued in exchange for the control of the acquired company. The expenses related to the transaction are generally recognised in the income statement when they are incurred.
The goodwill is determined as the surplus between the sum of the amounts transferred in the business combination, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company compared to the fair value of net assets acquired and liabilities undertaken at the date of acquisition. If the value of the net assets acquired and liabilities undertaken at the date of acquisition exceeds the sum of the amounts transferred, the value of shareholders' equity attributable to minority interests and the fair value of any equity investment previously held in the acquired company, this surplus is immediately recognised in the income statement as income arising from the concluded transaction.

The portions of shareholders' equity attributable to minority interests, at the date of acquisition, can be measured at fair value or at the pro-rata value of net assets recognised for the acquired company. The choice of the measurement method is carried out for each transaction.
Any amount subject to conditions stipulated by the contract of business combination are measured at fair value at the date of acquisition and included in the value of the amounts transferred in the business combination for the purposes of determining the goodwill.
In the case of business combinations that occurred in stages, the equity investment previously held by the Group in the acquired company is revalued at fair value at the date of acquisition of control and any ensuing gain or loss is recognised in the income statement. Any value arising from the equity investment previously held and recorded in Other profits (losses) are reclassified in the income statement as if the equity investment had been transferred. The business combinations that occurred before January 1, 2010 were recognised according to the previous version of *IFRS 3*.

Minority shareholders

The portion of capital and reserves pertaining to minority shareholders in subsidiaries and the portion pertaining to minority shareholders of profit or loss for the year of consolidated subsidiaries are separately identified in the consolidated income statement and balance sheet. Changes in ownership shares of subsidiaries that do not involve acquisition/loss of control are accounted for under changes in shareholders' equity.

Acquisition of minority shares

After obtaining the control of a company, transactions in which the parent company acquires or transfers more minority interests without modifying the control over the subsidiary are to be considered transactions with shareholders and therefore must be recognised under shareholders' equity. It follows that the book value of the controlling interest and minority interests must be adjusted to reflect the change in interest in the subsidiary and any difference between the amount of the adjustment made to minority interests and the fair value of the price paid or received in respect of that transaction is recognised directly in the shareholders' equity and is attributed to the shareholders of the parent company. There will be no adjustment to the value of goodwill and profits or losses will be recognised in the income statement. The expenses arising from such transactions must also be recognised in equity in accordance with the requirements of *IAS 32* in paragraph 35.

Under common control *transactions*

A business combination involving enterprises or groups under common control (transaction under common control) is a combination in which all of the enterprises or businesses are ultimately controlled by the same person or persons both before and after the business combination and the control is not temporary.
If a significant influence on future cash flows after the transfer is demonstrated for all parties involved, these transactions are treated as described under "Business combinations and goodwill".
If, however, this cannot be demonstrated, such transactions are recognised according to the principle of continuity of values.
In particular, the accounting recognition criteria, in application of the principle of continuity of values, falling within the scope of what is indicated in *IAS 8.10*, in line with international practice and the orientations of the Italian accounting profession on the subject of business combinations under common control, envisage that the purchaser recognises the assets acquired on the basis of their historical book values determined on a cost basis. If the transfer values are higher than the historic values, the excess is reversed, reducing the shareholders' equity of the acquiring Group, with the recording of a special reserve in its financial statements.
Similarly, the accounting standard adopted in preparing the financial statements of the transferring Group provides that any difference between the transaction price and the pre-existing book value of the transferred assets is not recognised in the income statement, but is instead recognised as a credit to shareholders' equity.

ACCOUNTING STANDARDS

TANGIBLE FIXED ASSETS

Cost

Real estate property, plant and machinery are stated at purchase or production cost, inclusive of any related charges. For assets that justify capitalisation, the cost also includes the financial expenses that are directly attributable to the acquisition, construction or production of said assets.
The costs incurred subsequent to purchase are capitalised only if they increase the future economic benefits inherent to the assets to which they refer.
Gains and losses from sale or disposal of assets are calculated as the difference between the sales revenue and the net book value of the asset and are recognised in profit or loss of the financial year.
All the other costs are recorded in the income statement when incurred.
Assets held under financial leasing agreements, via which all the risks and benefits associated with the ownership are essentially transferred to the Group, are recorded as Group assets at their current value or, if lower, at the net current value of minimum lease payments due. The corresponding liability owed to the lessor is recorded in the financial statements under financial payables. The assets are depreciated by applying the following method and rates.
The recoverability of their value is ascertained in accordance with the approach envisaged by *IAS* 36 illustrated in the following paragraph "Impairment of assets". Write-downs made may be reversed in the context of the original cost incurred.
The costs capitalised for leasehold improvements are attributable to the classes of assets to which they refer and depreciated over the residual duration of the rental contract or the residual useful life of the improvement, whichever period is shorter.
If the individual components of the compound fixed asset are characterised by different useful lives, they are recorded separately so as to be depreciated on a consistent basis with their duration ("component approach"). Specifically, according to this approach, the value of land and the value of the buildings on it are separated and just the building is depreciated.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Land	-	
Buildings	2%	- 10 %
Plant and machinery	7.5%	- 20 %
Industrial and commercial equipment	5.5%	- 25 %
Other assets	10%	- 30 %

Lease agreements

The Group must assess whether the agreement is, or contains, a lease at the date it is entered into. The Group recognises the Right of Use and the related lease liability for all lease arrangements as lessee, except for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets (by Group policy, such assets are those with a value of less than Euro 10,000 when new). For the latter, the Group recognises the related payments as operating expenses on a straight-line basis over the term of the contract unless another method is more representative. The agreements for which this last exemption was applied fell mainly within the following categories:

- Computers, phones and tablets;
- Printers;
- Equipment;
- Other electronic devices;
- Other assets.

With reference to these exemptions, the Group recognises the related payments as operating expenses recognised on a straight-line basis over the term of the agreement.The lease payments included in the value of the lease liability include:

- the fixed component of the lease payments, net of any incentives received;
- variable lease payments based on an index or rate, initially measured using the index or rate at the effective date of the agreement;
- the amount of guarantees for the residual value that the lessee expects to pay;
- the exercise price of the purchase option, which must be included only if the exercise of that option is considered reasonably certain;
- penalties for early termination of the lease if the lease term provides for an option to terminate the lease and the exercise of that option is reasonably certain.

Subsequent to initial recognition, the book value of the lease liability increases due to accrued interest (using the effective interest method) and decreases due to payments made under the lease agreement.
The Group recalculates the lease liability (and adjusts the corresponding right-of-use value) if:

- the duration of the lease changes or there is a change in the valuation of the exercise of the option right; in which case the lease liability is restated by discounting the new lease payments at the revised discount rate.
- changes in the value of the lease payments as a result of changes in indices or rates, in such cases the lease liability is restated by discounting the new lease payments at the original discount rate (unless the lease payments change as a result of fluctuations in interest rates, in which case a revised discount rate shall be used).
- a lease agreement has been amended and the amendment does not qualify for separate recognition of the lease agreement. In such cases, the lease liability is restated by discounting the new lease payments at the revised discount rate.

The right-of-use asset comprises the initial measurement of the lease liability, lease payments made before or on the effective date of the lease and any other initial direct costs. The right of use is recognised in the financial statements net of depreciation and any impairment losses.
Lease-related incentives (e.g. rent-free periods) are recognised as part of the initial value of the right-of-use and lease liability over the contractual period.
The right of use is depreciated on a systematic basis at the lower of the lease term and the residual useful life of the underlying asset. If the lease agreement transfers ownership of the related asset or the cost of the right of use reflects the Group's intention to exercise the purchase option, the related right of use is amortised over the useful life of the asset in question. Depreciation starts from the commencement of the lease term.
The Group applies *IAS 36* Impairment of Assets in order to identify the presence of any impairment losses.

Public grants

Public grants are recognised in the financial statements when there exists a reasonable certainty that the company will meet all the conditions for receiving the contributions and that the contributions will be received. When the contributions are related to cost components, they are recognised as revenues, but are allocated systematically across the financial periods in order to be proportionate to the costs that they intend to compensate. If a contribution is related to an asset, the asset and the contribution are recognised for their nominal values and they are gradually discharged to the income statement, on a straight-line basis, along the expected useful life of the asset of reference.
If the Group receives a non-monetary contribution, the asset and contribution are recognised at their nominal value and discharged to the income statement, on a straight-line basis, along the expected useful life of the asset of reference. In case of loans or similar forms of assistance supplied by government entities or similar institutions that have an interest rate lower than the current market rate, the effect related to the favourable interest rate is considered as an additional public grant.

INTANGIBLE ASSETS

Goodwill and consolidation differences

In the event of the acquisition of businesses, the assets, liabilities and potential liabilities acquired and identifiable are stated at their current value (fair value) as of the date of acquisition. The positive difference between the purchase cost and the portion of the current value of these assets and liabilities pertaining to the Group is classified as goodwill and recorded in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is by contrast stated in the income statement at the time of acquisition.
Goodwill is not amortised, but is subject annually (or more frequently if specific events or changed circumstances indicate the possibility of having suffered a loss in value) to checks in order to identify any reduction in value, carried out at Cash Generating Unit level to which the Company's management charges said goodwill, in accordance with the matters anticipated by *IAS 36* - Reduction of the value of the assets. After initial recognition, goodwill is valued at cost, net of any accumulated impairment losses.
Any write-downs made are not subject to subsequent reinstatement.
At the time of the disposal of a portion or of the whole of a company previously acquired, whose acquisition gave rise to goodwill, account is taken of the corresponding residual value of the goodwill when determining the capital gain or loss on the disposal.
At the time of initial adoption of the *IFRS*, the Group chose not to retroactively apply *IFRS 3* - Business Combinations, to the acquisitions of businesses that took place prior to January 1, 2004; consequently, the goodwill generated on the acquisitions prior to the date of transition to the *IFRS* is maintained at the previous value, as are the Consolidation reserves recorded under the shareholders' equity, determined in accordance with Italian accounting standards, subject to assessment and recognition of any impairment losses at that date.

Other intangible fixed assets

The other intangible fixed assets purchased or produced internally are identifiable assets lacking physical consistence and are recorded under assets, in accordance with the matters laid down by *IAS 38* - Intangible assets, when the company has control over said assets and it is probable that the use of the same will generate future economic benefit and when the cost of the assets can be reliably determined.
These assets are valued at purchase or production cost and amortised on a straight-line basis over their estimated useful lives, if the same have a definite useful life. Intangible fixed assets with an indefinite useful life are not amortised, but are subject annually (or more frequently if there is indication that the asset may have suffered an impairment) to assessment in order to identify any reductions in value.
Other intangible fixed assets recorded following the acquisition of a company are recorded separately from the goodwill, if their current value can be determined reliably.

IMPAIRMENT OF ASSETS

IAS 36 requires the company to test tangible and intangible fixed assets for impairment where indicators that such problem may persist are present. In the case of other intangible assets with an indefinite useful life or assets not available for use (in progress), this assessment is made at least annually.
The Group periodically assesses the recoverability of the book value of the Intangible assets and the Real estate property, plant and machinery, so as to determine if there is any indication that said assets have suffered an impairment loss. If such indication occurs, it is necessary to estimate the recoverable amount of the assets in order to establish the entity of the possible impairment loss. An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.
When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the unit generating the financial flows to which the asset belongs.
The recoverability of the recognised amounts is tested by comparing the book value recognised in the financial statements with the fair value net sale price, if an active market exists, or the value in use of the asset, whichever is greater.

In calculating the usage value, the estimated future cash flows are discounted to their current value using a rate that reflects the current market valuations of the current value of cash and the asset's specific risks. The main assumptions used for calculating the value of use concern the discount rate, growth rate, expected changes in selling prices and cost trends during the period used for the calculation. The growth rates adopted are based on future market expectations in the relevant sector. Changes in the sales prices are based on past experience and on the expected future changes in the market. The Group prepares operating cash flow forecasts resulting from the business plan prepared by the Directors and approved by the Board of Directors of the parent company and determines the terminal value (current value of perpetual income), based on a medium- and long-term growth rate in line with that of the specific sector to which it belongs.
If the recoverable amount of an asset (or CGU) is estimated to be lower than its book value, the latter is reduced to the lower recoverable amount, immediately recognising impairment in the income statement.
When there is no longer any reason for a write-down to be maintained, the book value of the asset (or of the cash-generating unit) - with the exception of goodwill - is increased to the new value resulting from the estimate of its recoverable amount, but not beyond the net book value that the asset would have had if it had not been written down for impairment. Reversal of impairment loss is recognised immediately in the income statement.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions governing the instrument.
The Equity investments and other non-current financial assets item includes the equity investments in non-consolidated companies and other non-current financial assets (securities held with the intention of maintaining them in the portfolio until maturity, non-current receivables and loans and other non-current financial assets available for sale).
Current financial instruments include trade receivables, current securities, other current financial assets and liquid funds and equivalents.
Financial liabilities include financial payables and trade payables.
Equity investments in non-consolidated companies are stated in accordance with the matters established by *IAS 28* - Investments in associated and Joint Ventures, as described in the previous section entitled "Consolidation principles"; equity investments in other companies are stated at cost net of any write-downs. Other non-current financial assets, as well as current financial assets and financial liabilities, are stated in accordance with the approach established by *IAS 39* - Financial instruments: recognition and measurement.
Current financial assets and securities held with the intention of maintaining them in the portfolio until maturity are recorded in the accounts with reference to the date of trading and, at the time of initial recognition in the financial statements, are measured at acquisition cost, including any costs related to the transaction.
Subsequent to initial recognition, the financial instruments at *FVTOCI* and those available for trading are measured at fair value. If the market price is not available, the fair value of the financial instruments at *FVTOCI* available for sale is measured by means of the most appropriate measurement techniques, such as, for example, the analysis of the discounted back cash flows, made with the market information available at the end of the reporting period.
When an investment in a debt instrument measured as *FVTOCI* is derecognised, the cumulative gain (loss) previously recognised in other comprehensive income is reclassified from equity to profit or loss through a reclassification adjustment.
Conversely, when an investment in an equity instrument designated as measured at *FVTOCI* is derecognised, the cumulative gain (loss) previously recognised in other comprehensive income is subsequently transferred to retained earnings without passing through profit or loss.
Current assets denominated in foreign currencies for which hedging transactions through derivative instruments are undertaken are measured in accordance with hedge accounting, where applicable.
Gains and losses on financial assets available for sale are recorded directly under shareholders' equity until

the financial asset is sold or is written down; then, the accumulated gains or losses, including those previously recorded under shareholders' equity, are recorded in the income statement for the period.
Loans and receivables that the Group does not hold for trading purposes (loans and receivables originated during core business activities), securities held with the intention of being maintained in the portfolio until maturity and all the financial assets for which listings on an active market are not available and whose fair value cannot be determined reliably, are calculated at amortised cost, if they have a pre-established maturity, using the effective interest method. When the financial assets do not have a pre-established maturity, they are measured at purchase cost.
Measurements are regularly carried out so as to check if objective evidence exists whether a financial asset or a group of assets have suffered an impairment loss. If objective evidence exists, the impairment loss will have to be recorded as a cost in the income statement for the period.
The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by *IAS 39* for hedge accounting applying the following accounting treatments:

- fair value hedge: profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement
- cash flow hedge: the effective portion of profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

The recoverability of financial assets not measured at fair value through profit or loss is measured on the basis of the so-called Expected Credit Loss (ECL) model introduced by *IFRS 9*.
Expected losses are generally determined by multiplying: (i) the exposure to the counterparty by (ii) the probability of default (PD) of the counterparty; (iii) the estimate, in percentage terms, of the amount of credit that will not be recovered in the event of a defined loss given default (LGD), as well as past experience and possible recovery actions available.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised whenever one of the following conditions occurs:

- the contractual right to receive cash flows from the asset has expired
- the Group has transferred substantially all the risks and benefits related to the asset, either by transferring its rights to receive cash flows from the asset or by assuming a contractual obligation to return the cash flows received to one or more recipients under a contract that meets the requirements of *IFRS*
- the Group has neither transferred nor retained substantially all the risks and benefits related to the financial asset but has transferred control of it.

The financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled or expired.
When an existing financial liability is replaced by another to the same creditor on substantially different terms, or the terms of an existing liability are substantially changed, such replacement or change is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective book values is recognised in the income statement.

DERIVATIVE INSTRUMENTS

The financial liabilities hedged by derivative instruments are valued in accordance with the formalities established by *IAS 39* for hedge accounting applying the following accounting treatments:

- fair value hedge: profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement

- cash flow hedge: the effective portion of profits or losses deriving from fair value measurements of the hedged instrument are recorded in the income statement.

The Group decided to continue to use the hedge accounting rules set out in *IAS 39* for all hedges already designated in hedge accounting in previous years and for new hedges designated in 2020.

DISCLOSURE

IFRS 7 requests additional information aimed at appreciating the importance of the financial instruments in relation to economic performances and to the financial position of a company. The accounting principle requires a description of the targets, policies and procedures carried out by the Management for the different types of financial risk (liquidity market and credit risk) to which the subject is exposed, including sensitivity analysis for each type of market risk (exchange rate, interest rate, equity, commodity) and report on the concentration and average, minimum and maximum exposure to the different types of risk during the period of reference, if the existing exposure at the end of the period is not sufficiently representative.

IAS 1 regulates among other things report obligations to be supplied on the targets, policies and management processes of the share capital, specifying, in case of capital requirements imposed by third-parties, the management nature and method and any consequence of lack of compliance. For qualitative and quantitative analysis, refer to Note 25 "Financial Instruments".

INVENTORIES

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost and market value, cost being determined using the weighted average cost method. The measurement of the inventories includes the direct costs of the materials and the labour and the indirect costs (variable and fixed). Write-down allowances are calculated for materials, finished products and other supplies considered obsolete or slow-moving, taking into account their future expected usefulness or their realisable value.

Contract work in progress is measured on the basis of the stage of completion, net of any advance payments invoiced to customers.

Any losses on these contracts are booked to the income statement in full at the time they become known.

LOANS

Loans are initially measured at cost, corresponding to the fair value of the amount received, net of additional charges incurred to obtain the loan.

After initial recognition, loans are recognised at amortised cost calculated by applying the effective interest rate.

The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts future payments (including all fees, transaction costs and other premiums or discounts) over the term of the financial liability or, if more appropriate, over a shorter period. Loans are classified among current liabilities unless the Group has the unconditional right to defer discharge of a liability by at least 12 months after the reporting period.

EMPLOYEE BENEFITS

Post-employment benefits are defined on the basis of plans, even if not yet formalised, which, based on their nature, are classified as "defined contribution" and "defined benefit". In defined contribution plans, the company's obligation is limited to the payment of contributions to the State or to a legally separate entity (so called Fund), and is determined on the basis of contributions due, reduced by amounts already paid over, if any.

The liability for defined benefit plans, net of any assets serving the plan, is determined on the basis of actuarial calculations and is recognised on an accrual basis on a consistent basis with the period of employment necessary to obtain the benefit.

The severance indemnity is classified as a defined benefit plan-type post-employment benefit, whose accrued sum must be projected so as to estimate the amount to be paid out on termination of the employment relationship and subsequently discounted back, using the projected unit credit method, which is based on demographic and financial type hypothesis in order to make a reasonable estimate of the sum total of the benefits that each employee has already accrued against their employment services.
By means of the actuarial measurement, the current service cost that defines the sum total of the rights accrued during the year by the employees is charged to the income statement item "payroll and related costs" and the interest cost which represents the figurative liability that the company would incur by requesting the market for a loan for the same amount as the severance indemnity is booked under "financial income/expense".
The re-measurement components of the net liabilities, which include the actuarial profits and losses, are immediately recorded in the Statement of Comprehensive Income. Such components need not be reclassified in the Income Statement.

PROVISIONS FOR RISKS AND CHARGES

The Group records provisions for risks and charges when it has a legal or implied obligation vis-à-vis third parties, and it is probable that it will become necessary to use Group resources in order to fulfil the obligation and when a reliable estimate of the sum total of said obligation can be made.
The estimate changes are reflected in the income statement in the period when the change took place.

TREASURY SHARES

Treasury shares, if present, are stated as a decrease to the shareholders' equity. The original cost of the treasury shares and the revenues deriving from any subsequent sales are recorded as changes in shareholders' equity.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rate in force as of the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in force at the reporting date. Exchange differences arising from the settlement of monetary items or from their translation at exchange rates different from those used at the time of initial recording during the year or in previous financial statements, are booked to the income statement.

REVENUE RECOGNITION

Revenues are recognised to the extent that control is transferred so that it is probable that the Group will receive the economic benefits and their amount can be reliably measured.
Revenues are stated net of any adjusting entries.
Revenue from contracts with customers are recognised on the basis of the following five steps:
(i) identifying the contract with a customer;
(ii) identifying the performance obligations, represented by promises in a contract to transfer to a customer goods or services;
(iii) determining the transaction price;
(iv) allocating the transaction price to each performance obligation on the basis of the relative selling prices of each distinct good or service;
(v) recognising revenue when a performance obligation is satisfied by transferring a promised good or service to a customer. The transfer is considered completed when the customer obtains control of the good or service, which can take place continuously (over time) or at a specific time (at a point in time).
Revenue is recognised at the fair value of the amount of consideration to which the company believes it is entitled in exchange for the goods and/or services promised to the customer, excluding amounts collected on behalf of third parties. In the presence of a variable consideration, the company estimates the amount of the

consideration to which it will be entitled in exchange for the transfer of the goods and/or services promised to the customer; in particular, the amount of the consideration may vary where there are discounts, rebates or bonuses or where the price itself depends on the occurrence or non-occurrence of certain future events.
Exchanges between goods or services of a similar nature and value, since they do not represent sales transactions, do not result in the recognition of revenues.
Revenue from sales is recognised upon the transfer of ownership, which generally coincides with the shipment or delivery of the goods. Grants related to income are fully recognised in the income statement when the recognition requirements are met. Financial income and expense are recognised on an accrual basis.

COST RECOGNITION

Costs and expenses are recognised in the financial statements on an accrual basis.

FINANCIAL INCOME AND EXPENSE

Financial income and expense are recognised in the income statement on an accrual basis.
In particular, interest income and expense are recognised on an accrual basis, according to the amount of the loan and the effective interest rate, which represents the rate used to discount estimated future cash receipts/payments over the expected life of the financial asset/liability to the book value.

TAX

Income taxes include all the taxation calculated on the Group's taxable income. Income taxes are recorded in the income statement, with the exception of those relating to items directly debited against or credited to shareholders' equity, in which case the tax effect is booked directly to shareholders' equity. Provisions for taxation that might be generated by the transfer of the non-distributable profit of subsidiary companies, are made solely when there is the real intention to transfer said profit.
Other taxes not linked to income, such as taxes on property and on capital, are included under Operating expense.
Deferred taxes are provided for according to the method of the overall provision of the liability. They are calculated on all the timing differences that emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements, with the exception of goodwill not deductible for tax purposes.
Deferred tax assets on tax losses and unused tax credits carried forward, are recognised to the extent that future taxable income may be available against which they can be recovered.
Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable, within the respective legal systems of the countries where the Group operates, during the accounting period when the timing differences will be realised or cancelled.
Pursuant to Italian Enabling Act no. 80 of April 7, 2003, as amended, from the current financial year, the parent company SOL Spa is the consolidating company; in addition to SOL Spa, the scope of consolidation also includes AIRSOL Srl, BIOTECHSOL Srl and DIATHEVA Srl.

DIVIDENDS

Dividends payable are represented as changes in shareholders' equity during the accounting period when they are approved by the shareholders' meeting.

EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the Group's economic result by the weighted average of the shares in circulation during the year, excluding treasury shares.

CASH FLOW STATEMENT

The cash flow statement is drawn up by applying the indirect method via which the pre-tax result is adjusted by the effects of the non-monetary transactions, by any deferral or provision of previous or future operative collections or payments.

USE OF ESTIMATES

The preparation of the financial statements and the related notes in accordance with the *IFRS* requires management to make estimates and assumptions that have an effect on the values of the financial statement assets and liabilities and on the disclosures relating to the potential assets and liabilities at the end of the reporting period. The results that will make up the final balances may differ from said estimates. The estimates are used to obtain provisions for risks and charges, asset write-downs, employee benefits, taxation, other provisions, determining the lease term and funds. The estimates and assumptions are periodically reviewed and the effects of each change are immediately reflected in the income statement.
In general, the use of estimates is particularly important for depreciation/amortisation, measurement of derivative instruments, calculation of risk provisions and write-down provisions or other assets, calculation of revenue as well as impairment test.

RIGHTS OF USE

The new standard *IFRS 16* provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease agreements from service contracts, identifying the following as discriminating: the identification of the asset, the right to replace it, the right to substantially obtain all of the economic benefits resulting from the use of the asset and, most recently, the right to direct the use of the asset underlying the contract.
As a result of the introduction of the new standard in the income statement as from January 1, 2019, the depreciation charges of rights of use determined on the basis of the defined lease terms, based on the assessments made regarding the probability of renewal, and the accrued portion of financial expense related to the liabilities are recognised. This process implies a high degree of judgement by the management.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reflects the Group's estimate of losses on receivables from customers.
The estimate of the allowance for doubtful accounts is based on expected losses, calculated on the basis of past experience for similar receivables, current and historical past dues, losses and payments received, the careful monitoring of credit quality, and projections of economic and market conditions.

RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

Non-current assets include property, plant and equipment, intangible assets, equity investments and other financial assets. The Management periodically reviews the book value of non-current assets held and used and of the assets that must be disposed of, when events and circumstances require such a review. This activity is carried out using estimates of cash flows expected from the use or sale of the asset and appropriate discount rates to calculate the current value. When the book value of a non-current asset is impaired, the Company recognises an impairment loss for the amount by which the book value of the asset exceeds its recoverable amount through use or sale, calculated by reference to the most recent plans.

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The company recognises current taxes, deferred tax assets/liabilities in accordance with the regulations in force. The recognition of taxes requires the use of estimates and assumptions as to how to read the applicable rules and their effect on the Company's taxation in relation to transactions during the year. Moreover, the recognition of deferred tax assets/liabilities requires the use of estimates of future taxable income and its changes as well as the actual applicable tax rates. These activities are carried out by analysing transactions and their tax profiles, also with the support, where necessary, of external consultants for the various issues addressed and through simulations of future income and their sensitivity analyses.

PENSION PLANS

Some Group companies can participate in pension plans; in Italy, the Employee Severance Indemnity fund is configured as a defined-benefit plan (with the exception of the portions of Employee Severance Indemnities accrued from January 1, 2007, which are configured as defined contribution plans). The Group uses various statistical assumptions and assessment factors in order to anticipate future events for the calculation of expenses, liabilities and assets related to these plans. The assumptions concern the discount rate, the expected return on plan assets and the rates of future salary increases. Moreover, the Group's consulting actuaries also use subjective factors, such as mortality and resignation rates or assumptions about the expected return on plan assets.

POTENTIAL LIABILITIES

The Group is subject to legal and tax disputes regarding a wide range of issues that are within the jurisdiction of various countries. Given the uncertainties surrounding these issues, it is difficult to predict whether and to what extent they will give rise to a payout.
Cases and disputes against the Group can derive from complex and difficult legal issues, which may be subject to varying degrees of uncertainty, including the facts and circumstances surrounding each case, jurisdiction and different applicable laws. In the ordinary course of business, the Group consults as necessary with its legal advisors and experts in tax or regulatory matters. The Group recognises a liability for disputes when it considers it probable that a financial outlay will be made and when the amount of resulting losses can be reasonably estimated. If a financial outlay becomes possible but the amount cannot be determined, that fact is reported in the explanatory notes.
All the amounts represented in the diagrams and tables are expressed in thousands of Euro.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS OF THE *IFRS* APPLIED AS FROM JANUARY 1, 2021

The Group applied the following accounting standards, amendments and interpretations of the *IFRS* for the first time as from January 1, 2021.

- On March 31, 2021, the *IASB* published an amendment called "Covid-19 - Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)" by which it extends by one year the period of application of the amendment issued in 2020, which allowed lessees to recognise reductions in lease payments related to Covid-19 without having to assess, through the analysis of contracts, whether the definition of lease modification in *IFRS 16* was met. Therefore, the lessees applied this option in 2020, recognises the effects of rent reductions directly in the income statement on the effective date of the reduction. The 2021 amendment, which is only available to entities that have already adopted the 2020 amendment, applies from April 1, 2021 and early adoption is permitted. The adoption of this amendment had no impact on the consolidated financial statements of the Group.
- On June 25, 2020, the *IASB* published an amendment called "*Extension of the Temporary Exemption from Applying IFRS 9* (*Amendments to IFRS 4*)". The amendments allow the temporary exemption from applying *IFRS* 9 to be extended until January 1, 2023 for insurance companies. The adoption of this amendment had no impact on the consolidated financial statements of the Group.
- On August 27, 2020, the *IASB* published, In the light of the interbank interest rate reform such as *IBOR*, the Interest Rate Benchmark Reform-Phase 2 document that contains amendments to the following standards:
  - *IFRS 9 Financial Instruments*;

- *IAS 39 Financial Instruments: Recognition and Measurement*;
- *IFRS 7 Financial Instruments: Disclosures*;
- *IFRS 4 Insurance Contracts*;
- *IFRS 16 Leases*.

All amendments became effective on January 1, 2021. The adoption of this amendment had no impact on the consolidated financial statements of the Group.

IFRS AND *IFRIC* ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET UNIVERSALLY APPLICABLE AND NOT ADOPTED EARLY BY THE COMPANY AT DECEMBER 31, 2021

On May 14, 2020, the *IASB* published the following amendments called:

- *Amendments to IFRS 3 Business Combinations*: the purpose of the amendments is to update the reference in *IFRS 3* to the Conceptual Framework in the revised version, without changing the requirements.
- *Amendments to IAS 16 Property, Plant and Equipment*: the purpose of the amendments is not to allow the deduction of the amount received from the sale of goods produced during the testing phase of the asset from the cost of tangible assets. These sales revenues and related costs will therefore be recognised in the income statement.
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that all costs directly attributable to the contract must be taken into account when estimating the possible onerousness of a contract. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used for the performance of the contract).
- *Annual Improvements 2018-2020 : amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to Illustrative Examples of IFRS 16 Leases* .

All amendments will be effective beginning on January 1, 2022. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.

ACCOUNTING STANDARDS, AMENDMENTS AND *IFRS* AND *IFRIC* INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the end of the reporting period, the competent bodies of the European Union have not yet completed the approval process required to adopt the amendments and standards described below:

- On January 23, 2020, the *IASB* published an amendment called *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*. The purpose of the document is to clarify how to classify debts and other short or long term liabilities. The amendments are effective beginning on January 1, 2023; however, companies may opt for earlier application. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.
- On February 12, 2021, the *IASB* published two amendments called *Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2* and *Definition of Accounting Estimates-Amendments to IAS 8*. The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments apply beginning on January 1, 2023, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.
- On May 7, 2021, the *IASB* published an amendment called *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal

amounts, such as leases and decommissioning obligations. The amendments apply beginning on January 1, 2023, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

INFORMATION ON RISKS

RISKS RELATED TO THE GENERAL ECONOMIC TREND

The Group performance is affected by the increase or decrease of the gross national product and industrial production, cost of energy products and health expense policies adopted in the different European countries in which the Group works.
The trend of the Covid-19 pandemic and the recent Ukrainian crisis could cause a slowdown in various sectors of the economy in the countries where the SOL Group operates.

RISKS RELATING TO THE GROUP'S RESULTS

The SOL Group partially operates in sectors considerably regulated by economic cycles related to the trend in industrial production, such as the steel, metal working, engineering and glass manufacturing industries. In the case of an extended decline in business, the growth and profitability of the Group could be partially affected.
Moreover, government policies for reducing healthcare expenses could reduce margins in the home care and medical gas sectors.

RISKS RELATED TO FUND REQUIREMENTS

The SOL Group carries on an activity that entails considerable investments both in production and in commercial equipment and expects to face up to requirements through the flows deriving from the operational management and from new loans.
Operational management should continue to generate sufficient financial resources, while the use of new loans, notwithstanding the Group's excellent capital and financial structure, may show higher spreads than in the past.

OTHER FINANCIAL RISKS

The Group is exposed to financial risks associated with its business operations:

- credit risk in relation to normal trade transactions with customers;
- liquidity risk, with particular reference to the raising of financial resources associated with investments and with the financing of working capital;
- market risks (mainly relating to exchange and interest rates and to commodity costs), in that the Group operates internationally in different currency areas and uses interest-bearing financial instruments.

CREDIT RISK

The granting of credit to end customers is subject to specific assessments by means of structured credit facility systems.
Positions amongst trade receivables for which objective partial or total non-recoverability is ascertained, are subject to individual write-down. Provisions are made on a collective basis for receivables that are not subject to individual write-down, taking into account the historic experience, the statistical data and, as a result of the introduction of the new accounting standard *IFRS9*, on the basis of a predictive approach, based on the counterparty's probability of default, the ability to recover in case of loss given default and also of expected future losses.

LIQUIDITY RISK

The liquidity risk may arise with the inability to raise, under good financial conditions, the financial resources necessary for the anticipated investments and the financing of working capital.
The Group has adopted a series of policies and processes aimed at optimising the management of the financial resources, reducing the liquidity risk, such as the maintenance of an adequate level of available liquidity, the obtaining of adequate credit facilities and the systematic monitoring of the forecast liquidity conditions, in relation to the corporate planning process.
Management believes that the funds and the credit facilities currently available, in addition to those that will be generated by operating and financing activities, will permit the Group to satisfy its requirements resulting from investment activities, working capital management and debt repayments on their natural maturity dates.

EXCHANGE RATE RISK

In relation to sales activities, the Group companies may find themselves with trade receivables or payables denominated in currencies other than the reporting currency of the company that holds them.
A number of Group subsidiary companies are located in Countries outside the Eurozone, in particular Switzerland, Bosnia, Croatia, Serbia, Albania, North Macedonia, Bulgaria, Hungary, Romania, the UK, Poland, Czech Republic, India, Turkey, Brazil and China. Since the reference currency for the Group is the Euro, the income statements of these companies are translated into Euro using the average exchange rate for the period and, revenues and margins in local currency being equal, changes in interest rates may have an effect on the equivalent value in Euro of revenues, costs and economic results.
Assets and liabilities of the consolidated companies whose reporting currency is not the Euro can adopt equivalent values in Euro that differ depending on the exchange rate trend. As envisaged by the accounting standards adopted, the effects of these changes are booked directly to shareholders' equity, under the item "Other reserves".
Some Group companies purchase electricity that is used for the primary production of technical gasses. The price of electricity is affected by the Euro/dollar exchange rate and by the price trend of energy commodities. The risk related to their fluctuations is mitigated by signing, as much as possible, fixed price purchase contracts or with a variation measured over a longer time period. Moreover, long-term supply contracts to customers are index-linked in such a way as to cover the fluctuation risks shown above.
The Parent Company has two bond loans outstanding for a total of USD 32 million. To hedge the exchange rate risk, two cross currency swaps were made in Euros on the total loan amount and for the entire duration (12 years). The fair value of the CCSs as at December 31, 2021 was positive in the amount of Euro 2,885 thousand.
With regard to the currency weakness involving the Turkish lira, note that Group companies resident in Turkey operate only within the country, but there could be a negative effect on their profitability as a result of the higher cost of products purchased from third countries.
Since these are non-significant companies, the effect on the Group's consolidated financial statements is not significant.

INTEREST RATE RISK

The interest rate risk is managed by the Parent Company by centralising most of the medium/long-term debt and by appropriately dividing the loans between fixed rate and floating rate, favouring, when possible and convenient, medium/long-term debt with fixed rates, also through specific Interest Rate Swap agreements.
Some Group companies have entered into a number of Interest Rate Swap agreements linked to two floating rate medium-term loans with the aim of guaranteeing a fixed rate on said loans. The nominal value as at December 31, 2021 is equal to Euro 163,441 thousand and the negative fair value is equal to Euro 1,662 thousand.

RISKS RELATING TO PERSONNEL

In various countries in which the Group operates, employees are protected by different laws and/or collective labour contracts that guarantee them the right to be consulted on specific issues - including the downsizing and closing of departments and the reduction of staff numbers - through representations. This could affect the Group's flexibility in strategically redefining its own organisations and activities.
The management of the Group consists of persons of proven expertise who normally have long-standing experience in the sectors in which the Group operates. The replacement of any person in management may require a long period of time.

RISKS RELATED TO THE ENVIRONMENT AND CLIMATE CHANGE

The products and the activities of the SOL Group are subject to increasingly complex and strict authorisation and environmental rules and regulations. This concerns manufacturing plants subject to regulations on atmospheric emissions, waste disposal and waste water disposal and the ban on land contamination.
High charges should be shouldered in order to observe such regulations.
Please refer to the Non-Financial Statement for a more detailed discussion of the initiatives implemented by the Group.

RISKS RELATING TO IT MANAGEMENT AND DATA SECURITY

The increasing use of IT tools in the management of company activities and the interconnection of company systems with external IT infrastructures expose these systems to potential risks with regard to the availability, integrity and confidentiality of data, as well as the efficiency of the IT tools themselves.
To ensure effective business continuity, the Group adopted a disaster recovery and business continuity system to ensure immediate replication of the main legacy system workstations. The choice of these systems to be managed in business continuity was made on the basis of a risk analysis.
Moreover, multiple levels of physical and logical protection, at the level of servers and at the level of clients, ensure the active security of data and business applications. The company also has innovative artificial intelligence-based products to protect the digital identity of its employees.
Vulnerability analyses and audits on the security of information systems are periodically carried out by independent technicians to check the adequacy of the company's IT systems.
Finally, with regard to the problem of fraud through the use of IT resources by external parties, all employees are periodically informed and trained on the correct use of the resources and IT applications available to them.

TAX RISKS

The SOL Group is subject to taxation in Italy and in several other foreign jurisdictions.
The various companies of the Group are subject to the assessment of the income tax returns by the competent tax authorities of the countries in which they operate.
As already occurred in the past, any findings reported in the tax audits are carefully assessed and, when necessary, challenged in the appropriate venues.
At present, a dispute is in progress in Italy for findings - considered groundless - on transfer pricing".
The opening of the *MAP* (*Mutual Agreement Procedure*) between Italy and four other European countries has been requested and has not yet been completed.
However, at Group level, this should not have a significant effect on profitability, given that the level of taxation in the countries involved is very similar.

NOTES

INCOME STATEMENT

1. Net sales

Balance as at 12.31.2021	1,112,909
Balance as at 12.31.2020	973,833
Change	**139,076**

Revenues by type of business break down as follows:

Description	12.31.2021	12.31.2020	Change
Technical gases	558,423	438,199	120,224
Home care	554,486	535,634	18,852
Total	**1,112,909**	973,833	139,076

Reference should be made to the Directors' Report and the analysis of the results by type of business for comments regarding the trend in revenues.

Net sales achieved by the SOL Group as at December 31, 2021 amounted to Euro 1,112.9 million (up by 14.3 % compared to the previous year, at Euro 973.8 million).

In particular, during 2021, the home care business showed an 3.5 % growth in sales (up by Euro 18.8 million) compared to the same period last year.

The technical gases sector experienced a 27.4 % increase in revenues (up by Euro 120.2 million) over December 31, 2020.

2. Other revenues and income

Balance as at 12.31.2021	11,060
Balance as at 12.31.2020	9,875
Change	**1,185**

The item "Other revenues and income" breaks down as follows:

Description	12.31.2021	12.31.2020	Change
Capital gains on disposal	1,118	812	305
Extraordinary income	7,561	6,869	693
Grants received	1,539	1,015	525
Real estate rentals	384	361	24
Other	457	818	(361)
Total	**11,060**	9,875	1,185

3. Internal works and collections

Balance as at 12.31.2021	18,933
Balance as at 12.31.2020	12,488
Change	**6,444**

The item "Internal works and collections" breaks down as follows:

Description	12.31.2021	12.31.2020	Change
Transfers to assets	17,276	11,118	6,158
Time work	1,657	1,370	287
Total	**18,933**	12,488	6,444

The item “Transfers to assets” includes the collection from the warehouse, mainly for equipment not intended for sale, but to rent, transferred to assets.
The item “Time work” is related to costs incurred for the internal construction of fixed assets.

4. Total costs

Balance as at 12.31.2021	647,915
Balance as at 12.31.2020	527,794
Change	**120,120**

The breakdown of the item is as follows:

Description	**12.31.2021**	12.31.2020	Change
Purchase of materials	306,023	240,540	65,483
Services rendered	319,511	277,282	42,229
Change in inventories	(2,380)	(14,459)	12,078
Other costs	24,761	24,432	330
Total	**647,915**	527,794	120,120

The item “Purchase of materials” includes purchases of gas and materials, electricity, water, diesel and methane for production.
The item “Services rendered” includes costs of transports, maintenance, third-party services, consultancy and insurances.
The item “Other costs” includes rentals, taxes other than income tax, contingent liabilities and capital losses.
Reference should be made to the Directors' Report for comments regarding the trend in costs.

5. Payroll and related costs

Balance as at 12.31.2021	234,209
Balance as at 12.31.2020	213,009
Change	**21,199**

The breakdown of the item is as follows:

Description	**12.31.2021**	12.31.2020	Change
Wages and salaries	182,631	164,757	17,874
Social security charges	49,214	45,853	3,360
Employee severance indemnities	2,364	2,399	(35)
Total	**234,209**	213,009	21,199

The composition of the workforce is analysed below by category:

Description	**12.31.2021**	12.31.2020	Change
Managers	121	106	15
Clerks	3,506	3,225	281
Factory workers	1,474	1,282	192
Total	**5,101**	4,613	488

6. Amortisation/depreciations, provisions and write-downs, non-recurring expenses

Balance as at 12.31.2021	125,007
Balance as at 12.31.2020	115,405
Change	**9,602**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Change
Depreciation/amortisation	119,296	110,986	8,310
Provisions and write-downs	5,711	4,419	1,292
Non-recurring (income)/expenses	-	-	-
Total	**125,007**	115,405	9,602

The breakdown of the item "Depreciation/amortisation" of intangible and tangible fixed assets by asset category is presented below:

Depreciation of tangible fixed assets and Rights of use

Description	12.31.2021	12.31.2020	Change
Land	313	303	10
Buildings	13,419	12,902	517
Plant and machinery	18,530	16,603	1,927
Industrial and commercial equipment	67,560	63,416	4,144
Other assets	13,801	12,641	1,161
Total	**113,623**	105,865	7,758

The increase in depreciation is linked to investments made during the period, amounting to Euro 123.3 million.

Amortisation of other intangible fixed assets

Description	12.31.2021	12.31.2020	Change
Costs of research, development and advertising	204	189	16
Patents and rights to use patents of others	276	300	(24)
Concessions, licences and trademarks	4,812	4,356	456
Other	381	276	104
Total	**5,674**	5,122	552

The breakdown of the item "Provisions and write-downs" is as follows:

Description	12.31.2021	12.31.2020	Change
Provisions for bad debts	4,882	4,045	837
Provisions for risks	776	183	593
Write-downs of intangible fixed assets	-	-	-
Write-downs of tangible fixed assets and ROU	53	190	(138)
Total	**5,711**	4,419	1,292

7. Financial income / (expenses)

Balance as at 12.31.2021	(9,843)
Balance as at 12.31.2020	(9,810)
Change	**(33)**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Change
Financial income	2,406	2,168	238
Financial expense	(11,472)	(11,998)	526
Results from equity investments	(777)	20	(798)
Total	**(9,843)**	(9,810)	(33)

The breakdown of the item "Financial income" is as follows:

Description	12.31.2021	12.31.2020	Change
From long-term receivables	17	114	(96)
Interest on investment securities	25	30	(5)
Interests on securities not held as fixed assets	34	12	22
Interest on banks and postal accounts	98	81	18
Interest from customers	160	504	(344)
Exchange rate gains	1,666	1,000	666
Other financial income	405	427	(22)
Total	**2,406**	2,168	238

The item "Other financial income" includes the positive change in mark to market derivatives to hedge the fair value of the hedged item (Fair Value Hedge - FVH), equal to Euro 85 thousand.
For further information on derivatives, see paragraph "Payables and other financial liabilities".

The breakdown of the item "Financial expense" is as follows:

Description	12.31.2021	12.31.2020	Change
Interest payable to banks	(117)	(76)	(41)
Interest payable on loans	(5,239)	(5,728)	488
Interest on bonds	(2,742)	(2,199)	(544)
Exchange rate losses	(2,058)	(2,323)	265
Other financial expense	(1,315)	(1,672)	357
Total	**(11,472)**	(11,998)	526

The item "Other financial expense" includes Euro 0.8 million relating to rental contracts.

The breakdown of the item "Results from equity investments" is as follows:

Description	12.31.2021	12.31.2020	Change
Revaluations of equity investments	29	349	(320)
Write-downs of equity investments	(807)	(328)	(478)
Total	**(777)**	20	(798)

The item "Revaluations of equity investments" refers to the measurement at equity of the jointly controlled companies CT BIOCARBONIC GmbH (Euro 27 thousand) and CONSORZIO ECODUE (Euro 2 thousand).
The item "Write-downs of equity investments" refers to the measurement at equity of the associate CONSORGAS Srl (Euro 167 thousand) and to the write-down of the equity investment in the company ENERGY FOR GROWTH by the subsidiary SOL GAS PRIMARI Srl (Euro 640 thousand).

8. Income taxes

Balance as at 12.31.2021	32,170
Balance as at 12.31.2020	21,943
Change	**10,227**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Change
Income taxes	29,072	33,769	(4,697)
Deferred tax liabilities	1,534	(115)	1,649
Deferred tax assets	1,564	(11,710)	13,275
Total	**32,170**	21,943	10,227

In the previous year, the item "Deferred tax assets" included Euro 11.7 million, recognised following monetary revaluations carried out by some Italian Group companies.
The reconciliation between the tax liability recorded in the financial statements and the theoretical tax liability, calculated on the basis of the theoretical tax rates in force in Italy, is as follows:

Description	12.31.2021	12.31.2020
Theoretical taxation	**30,223**	31,243
Tax effect permanent differences	3,345	(10,789)
Tax effect deriving from foreign tax rates other than Italian theoretical tax rates	(3,375)	(657)
Income taxes recognised in the financial statements, excluding *IRAP* (current and deferred)	**30,193**	19,797
***IRAP* (Regional Business Tax)**	**1,977**	2,146
Income taxes recognised in the financial statements (current and deferred)	**32,170**	21,943

BALANCE SHEET

9. Tangible fixed assets

Balance as at 12.31.2021	615,329
Balance as at 12.31.2020	554,573
Change	**60,756**

Breakdown of tangible fixed assets and rights of use

Changes in tangible fixed assets and rights of use, with reference to their historical cost, depreciation and net value are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2020	23,572	155,809	324,658	962,594	88,074	26,335	1,581,042
Increases	684	11,207	6,989	79,899	14,838	27,505	141,122
Revaluations	185	4,637	17	(163)	100	-	4,776
Write-downs	-	-	-	(188)	-	-	(188)
Other changes	408	10,191	19,201	(18,571)	621	(20,889)	(9,039)
Exchange differences	(131)	(593)	(594)	(4,230)	(813)	(509)	(6,869)
(Disposals)	-	(872)	(949)	(19,182)	(3,475)		(24,478)
Balance as at 12.31.2020	**24,718**	**180,379**	**349,322**	**1,000,161**	**99,344**	**32,442**	**1,686,366**
Increases	1,339	19,609	22,869	79,102	14,009	30,880	167,808
Revaluations	112	689	-	63	159		1,023
Write-downs	-	-	-	(54)	-	-	(54)
Other changes	2,421	8,376	65,020	27,291	4,905	(31,032)	76,981
Exchange differences	(52)	225	590	2,874	284	(160)	3,762
(Disposals)	(4)	(3,265)	(632)	(9,935)	(5,973)	-	(19,808)
Balance as at 12.31.2021	**28,534**	**206,014**	**437,170**	**1,099,502**	**112,729**	**32,129**	**1,916,077**

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2020	2,869	70,723	211,003	703,493	58,830	-	1,046,918
Depreciation charges	303	12,902	16,603	63,416	12,641	-	105,865
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	205	7,013	13,102	(16,495)	830	-	4,655
Exchange differences	(14)	(211)	(216)	(2,502)	(486)	-	(3,429)
(Disposals)	-	(819)	(797)	(17,349)	(3,252)	-	(22,217)
Balance as at 12.31.2020	**3,362**	**89,609**	**239,697**	**730,562**	**68,562**	**-**	**1,131,792**
Depreciation charges	313	13,419	18,530	67,560	13,801	-	113,623
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	4,420	45,274	17,699	3,744	-	71,137
Exchange differences	(23)	52	245	1,731	215	-	2,220
(Disposals)	-	(3,364)	(621)	(8,305)	(5,734)	-	(18,025)
Balance as at 12.31.2021	**3,652**	**104,136**	**303,125**	**809,247**	**80,588**	**-**	**1,300,748**

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2020	20,703	85,086	113,655	259,101	29,244	26,335	534,124
Increases	684	11,207	6,989	79,899	14,838	27,505	141,122
(Depreciations and write-downs)	(303)	(12,902)	(16,603)	(63,416)	(12,641)	-	(105,865)
Other changes	388	7,815	6,116	(2,426)	(110)	(20,889)	(9,106)
Exchange differences	(117)	(382)	(378)	(1,727)	(327)	(509)	(3,441)
(Disposals)	-	(53)	(153)	(1,832)	(223)	-	(2,261)
Balance as at 12.31.2020	**21,356**	**90,770**	**109,625**	**269,598**	**30,782**	**32,442**	**554,573**
Increases	1,339	19,609	22,869	79,102	14,009	30,880	167,808
(Depreciations and write-downs)	(313)	(13,419)	(18,530)	(67,560)	(13,801)	-	(113,623)
Other changes	2,533	4,645	19,746	9,601	1,320	(31,032)	6,812
Exchange differences	(29)	173	346	1,144	69	(160)	1,542
(Disposals)	(4)	99	(10)	(1,630)	(238)	-	(1,784)
Balance as at 12.31.2021	**24,881**	**101,878**	**134,045**	**290,254**	**32,140**	**32,129**	**615,329**

Analysis of tangible fixed assets

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2020	21,038	114,866	324,581	962,344	69,623	26,335	1,518,787
Increases	665	6,300	6,989	79,714	6,004	27,505	127,178
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	(188)	-	-	(188)
Other changes	408	10,108	19,201	(18,571)	621	(20,889)	(9,122)
Exchange differences	(45)	(188)	(594)	(4,230)	(664)	(509)	(6,229)
(Disposals)	-	(69)	(949)	(19,110)	(882)	-	(21,011)
Balance as at 12.31.2020	**22,066**	**131,016**	**349,228**	**999,959**	**74,703**	**32,442**	**1,609,414**
Increases	1,318	14,047	22,869	79,023	6,193	30,880	154,329
Revaluations	-	-	-	63	-	-	63
Write-downs	-	-	-	(54)	-	-	(54)
Other changes	2,421	8,376	65,020	27,291	4,905	(31,032)	76,981
Exchange differences	22	88	590	2,874	294	(160)	3,708
(Disposals)	-	(1,617)	(632)	(9,931)	(1,831)	-	(14,010)
Balance as at 12.31.2021	**25,826**	**151,911**	**437,076**	**1,099,225**	**84,263**	**32,129**	**1,830,431**

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2020	2,604	63,470	210,975	703,405	53,076	-	1,033,530
Depreciation charges	-	-	4,780	16,578	63,321	5,434	90,113
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	205	6,954	13,102	(16,495)	830	-	4,596
Exchange differences	-	(71)	(216)	(2,502)	(424)	-	(3,213)
(Disposals)	-	(16)	(797)	(17,277)	(684)	-	(18,774)
Balance as at 12.31.2020	**2,809**	**75,117**	**239,643**	**730,451**	**58,233**	**-**	**1,106,253**
Depreciation charges	-	-	5,107	18,505	67,492	5,916	97,020
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	4,420	45,274	17,699	3,744	-	71,137
Exchange differences	-	24	245	1,731	256	-	2,255
(Disposals)	-	(1,574)	(621)	(8,300)	(1,596)	-	(12,092)
Balance as at 12.31.2021	**2,809**	**83,094**	**303,046**	**809,073**	**66,553**	**-**	**1,264,574**

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2020	18,434	51,395	113,606	258,939	16,548	26,335	485,257
Increases	665	6,300	6,989	79,714	6,004	27,505	127,178
(Depreciations and write-downs)	-	(4,780)	(16,578)	(63,321)	(5,434)	-	(90,113)
Other changes	204	3,153	6,099	(2,264)	(209)	(20,889)	(13,907)
Exchange differences	(45)	(117)	(378)	(1,727)	(240)	(509)	(3,016)
(Disposals)	-	(53)	(153)	(1,832)	(199)	-	(2,237)
Balance as at 12.31.2020	**19,257**	**55,900**	**109,585**	**269,508**	**16,470**	**32,442**	**503,161**
Increases	1,318	14,047	22,869	79,023	6,193	30,880	154,329
(Depreciations and write-downs)	-	(5,107)	(18,505)	(67,492)	(5,916)	-	(97,020)
Other changes	2,421	3,956	19,746	9,600	1,161	(31,032)	5,852
Exchange differences	22	64	346	1,144	38	(160)	1,453
(Disposals)	-	(43)	(10)	(1,630)	(235)	-	(1,919)
Balance as at 12.31.2021	**23,017**	**68,817**	**134,030**	**290,152**	**17,711**	**32,129**	**565,857**

The breakdown of major changes for the period relating to tangible fixed assets is shown below:

- Investments made during the financial year in respect of the item "Lands" are mainly investments made by the subsidiary VIVISOL Srl.
- Investments made during the period with regard to the item "Buildings" are mainly investments made by the Parent Company (Euro 782 thousand) and the subsidiary companies SOL GAS PRIMARI Srl (Euro 341 thousand), SOL FRANCE Sas (Euro 915 thousand), PALLMED spzoo (Euro 3,136 thousand), SOL REAL ESTATE DEUTSCHLAND GmbH (Euro 2,518 thousand), VIVISOL Srl (Euro 1,296 thousand), IL POINT Srl (Euro 1,127 thousand) and SOL HUNGARY Kft (Euro 2,830 thousand).
- Acquisitions made during the period under the item "Plant and machinery" were mainly due to the purchase of equipment at the factories of the Parent company (Euro 2,716 thousand) and by the subsidiaries SOL GAS PRIMARI Srl (Euro 13,191 thousand), SOL DEUTSCHLAND GmbH (Euro 591 thousand), SOL FRANCE Sas (Euro 1,526 thousand), TAE HELLAS Sa (Euro 1,971 thousand) and to a lesser extent to other investments at all other Group companies.
- The item "Industrial and commercial equipment" comprises commercial equipment (supplying devices, cylinders, base units, concentrators and medical appliances) as well as other small and sundry equipment. The increase recorded for the financial year was due to investments in commercial equipment in the form of

cylinders, dispensing devices and tanks, made by companies in the technical gases sector in the amount of Euro 29,241 thousand (including Euro 9,855 by the parent company) and to investments made by companies operating in the home care sector in the amount of Euro 49,782 thousand (including Euro 13,499 thousand by VIVISOL Srl) for base units and other medical appliances.

- The item "Other assets" includes motor vehicles and motor cars, electric office equipment, furniture and fixtures, EDP systems. The increase recorded for the period refers to investments made for motor vehicles, laboratory equipment, hardware, furniture and fixtures, including Euro 861 thousand by the Parent company, the subsidiary DOLBY MEDICAL HOME RESPIRATORY CARE Ltd (Euro 403 thousand), IL POINT Srl (Euro 928 thousand) and to a lesser extent to other investments carried out by all other Group companies.
- The "Assets under construction" item mainly refers to amounts relating to investments in progress made by the Parent company (Euro 18,196 thousand) and by the subsidiaries GTH GAZE INDUSTRIALE Sa (Euro 3,188 thousand), VIVISOL DEUTSCHLAND GmbH (Euro 2,487 thousand), SOL BULGARIA Ead (Euro 605 thousand), SOL KOHLENSÄURE WERK GmbH & Co. KG (Euro 914 thousand), SOL TG GmbH (Euro 616 thousand), SOL GAS PRIMARI Srl (Euro 1,197 thousand) and CTS Srl (Euro 715 thousand).

Please note that the Mantua, Verona, Jesenice and Varna plants have mortgages and liens governed by medium-term mortgage agreements between financial institutions and several group companies.
As at December 31, 2021, mortgages amounted to Euro 67,450 thousand.
As at December 31, 2021, liens amounted to Euro 68,788 thousand.

Breakdown of rights of use

Changes in tangible fixed assets, with reference to their historical cost, depreciation and net value are as follows:

Historical cost	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at 01.01.2020	2,534	40,944	77	250	18,450	-	62,256
Increases	19	4,906	-	186	8,833	-	13,944
Revaluations	185	4,637	17	(163)	100	-	4,776
Write-downs	-	-	-	-	-	-	-
Other changes	-	83	-	-	-	-	83
Exchange differences	(86)	(405)	-	-	(149)	-	(640)
(Disposals)		(802)	-	(72)	(2,593)	-	(3,467)
Balance as at 12.31.2020	**2,652**	**49,362**	**94**	**202**	**24,641**	**-**	**76,952**
Increases	22	5,562	-	79	7,816	-	13,479
Revaluations	112	689	-	-	159	-	960
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	(74)	138	-	-	(10)	-	54
(Disposals)	(4)	(1,648)	-	(4)	(4,142)	-	(5,798)
Balance as at 12.31.2021	**2,708**	**54,103**	**94**	**276**	**28,465**	**-**	**85,647**

Accumulated depreciation	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2020	264	7,253	29	88	5,754	-	13,388
Depreciation charges	303	8,122	25	95	7,206	-	15,751
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	58	-	-	-	-	58
Exchange differences	(14)	(139)	-	-	(62)	-	(215)
(Disposals)	-	(802)	-	(72)	-	-	(3,443)
Balance as at 12.31.2020	**553**	**14,492**	**54**	**111**	**10,329**	**-**	**25,540**
Depreciation charges	313	8,311	25	68	7,886	-	16,603
Revaluations	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Exchange differences	(23)	28	-	-	(41)	-	(35)
(Disposals)	-	(1,790)	-	(4)	(4,139)	-	(5,933)
Balance as at 12.31.2021	**843**	**21,042**	**79**	**174**	**14,036**	**-**	**36,174**

Net value	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	**Total**
Balance as at 01.01.2020	2,270	33,691	48	162	12,696	-	48,867
Increases	19	4,906	-	186	8,833	-	13,944
(Depreciations and write-downs)	(303)	(8,122)	(25)	(95)	(7,206)	-	(15,751)
Other changes	185	4,661	17	(163)	100	-	4,800
Exchange differences	(72)	(266)	-	-	(87)	-	(424)
(Disposals)	-	-	-	-	(24)	-	(24)
Balance as at 12.31.2020	**2,099**	**34,870**	**40**	**91**	**14,312**	**-**	**51,412**
Increases	22	5,562	-	79	7,816	-	13,479
(Depreciations and write-downs)	(313)	(8,311)	(25)	(68)	(7,886)	-	(16,603)
Other changes	112	689	-	-	159	-	960
Exchange differences	(51)	110	-	-	31	-	89
(Disposals)	(4)	142	-	-	(3)	-	135
Balance as at 12.31.2021	**1,864**	**33,062**	**15**	**102**	**14,429**	**-**	**49,472**

10. Goodwill and consolidation differences

Balance as at 12.31.2021	170,313
Balance as at 12.31.2020	139,868
Change	**30,445**

The breakdown of the item is as follows:

Net value	Goodwill	Consolidation difference	Total
Balance as at 01.01.2020	9,962	124,877	134,838
Increases	200	-	200
Revaluations (Write-downs)	-	-	-
Other changes	-	4,985	4,985
Exchange differences	(155)	-	(155)
(Amortisation)		-	-
Balance as at 12.31.2020	**10,006**	**129,862**	**139,868**
Increases	-	29,786	29,786
Revaluations (Write-downs)	-	-	-
Other changes	154	-	154
Exchange differences	192	313	504
(Amortisation)	-	-	-
Balance as at 12.31.2021	**10,352**	**159,960**	**170,313**

The increase for the period in the item "Consolidation differences" is related to the purchase of the companies TAE HELLAS Sa, OXYTECHNIC spol. sro, SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co. Ltd, SHANGHAI SHENWEI MEDICAL GAS Co. Ltd, PORTARE Ltda, KSD KOHLENSÄURE-DIENST GmbH and ISIMED Srl.

In February 2021, the subsidiary AIRSOL Srl purchased 100% of the shares of TAE HELLAS Sa, a Greek company operating in the technical gases sector. If the acquisition had occurred on January 1, 2021, the estimated revenues and profit of the Group would have been higher by Euro 3,151 thousand and lower by Euro 79 thousand, respectively, for the 12-month period ended December 31, 2021.

In May 2021, the subsidiary AIRSOL Srl purchased 100% of the shares of OXYTECHNIC spol. sro, a Czech company operating in the home care sector. If the acquisition had occurred on January 1, 2021, the group's revenues and the profit would have increased by Euro 117 thousand and by Euro 29 thousand, respectively, for the 12-month period ending December 31, 2021.

In August 2021, the subsidiary AIRSOL Srl purchased 70% of the shares of SHANGHAI MU KANG MEDICAL DEVICE DISTRIBUTION SERVICE Co. Ltd, a Greek company operating in the technical gases sector. If the acquisition had occurred on January 1, 2021, the estimated revenues and profit of the Group would have been higher by Euro 1,015 thousand and lower by Euro 64 thousand, respectively, for the 12-month period ended December 31, 2021.

In August 2021, the subsidiary AIRSOL Srl purchased 70% of the shares of SHANGHAI SHENWEI MEDICAL GAS Co. Ltd, a Greek company operating in the technical gases sector. If the acquisition had occurred on January 1, 2021, the group's revenues and the profit would have increased by Euro 6,938 thousand and by Euro 1,016 thousand, respectively, for the 12-month period ending December 31, 2021.

In November 2021, the subsidiary P PAR PARTICIPACOES Ltda acquired 100.00% of PORTARE Ltda, a company governed by Brazilian law active in the home care sector. If the acquisition had occurred on January 1, 2021, the estimated revenues and profit of the Group would have been higher by Euro 29 thousand and lower by Euro 82 thousand, respectively, for the 12-month period ended December 31, 2021.

In December 2021, the subsidiary VIVISOL Srl acquired 100.00% of ISIMED Srl, a company governed by Italian law active in the home care sector. If the acquisition had occurred on January 1, 2021, the group's revenues and the profit would have increased by Euro 6,092 thousand and by Euro 351 thousand, respectively, for the 12-month period ending December 31, 2021.

The result of the acquisitions on the assets and liabilities of the Group is set below:

	Values recorded during acquisition	Adjustments to *fair value*	Book values before acquisition
Tangible fixed assets	35,776	-	35,776
Intangible fixed assets	1,330	-	1,330
Long-term investments	1,339	-	1,339
Inventories	2,178	-	2,178
Trade and other receivables	21,962	-	21,962
Prepayments and accrued income	4,428	-	4,428
Cash and cash at bank	5,182	-	5,182
Minority interests	(2,362)	-	(2,362)
Suppliers	(10,215)	-	(10,215)
Other payables	(6,667)	-	(6,667)
Risk provisions	(1,270)	-	(1,270)
Employee severance indemnities	(1,057)	-	(1,057)
Accrued expenses and deferred income	(1,138)	-	(1,138)
Identifiable net assets and liabilities	49,485	-	49,485
Goodwill deriving from acquisition	29,786	-	-
Amount paid	(79,271)	-	-
Available funds acquired	5,182	-	-
Net outlays of available funds	**(74,089)**	**-**	**-**

The Group checks the recoverability of goodwill at least annually or more frequently if specific events or changed circumstances indicate the possibility of having suffered an impairment loss, at Cash Generating Unit level to which the Company's management charges said goodwill, in accordance with the matters anticipated by *IAS 36* "Impairment of assets".

Impairment test

As provided by *IAS 36 Impairment of assets*, the value of intangible assets with an indefinite useful life is not amortised, but instead subject to an impairment test at least once per year. The Group does not record intangible assets with an indefinite useful life other than goodwill.
IAS 36 also requires a company to assess at each reporting date the existence of indications of impairment in relation to any other asset.
The recoverability of the book values is tested by comparing the book value of the asset with its fair value (for example, using market multiples obtained from comparable transactions) or its value in use, whichever is greater. The methodology used to identify the recoverable amount (value in use) consists of discounting future cash flows generated by activities directly attributed to the entity to which the goodwill (*CGU*) is allocated, as well as the value expected from its divestment or transfer upon the end of its useful life. Value in use is calculated as the sum of the current value of expected future cash flows based on the forecasts issued for every *CGU* and approved by the Board of Directors of the Company.
The business plans cover a time span of five years or, in some cases, given the type of business involving investments with medium-term returns, of 7 or 10 years and were implemented based on the 2022 budget drawn up by the Management. The growth rates considered in the plan's timeframe were calculated based on experience in the relative sectors.
The rate used to discount cash flows was calculated using the Weighted Average Cost Of Capital (*WACC*). For the financial year ending on December 31, 2021, the *WACC* used for discounts is between 5.5% and 14%. The *WACC* was calculated on an ad-hoc basis for each CGU subject to impairment, taking into consideration the specific parameters of the geographical area: market risk premium and sovereign debt yields.
In order to ensure that changes to the main assumptions would not significantly influence the results of the impairment tests, some sensitivity analyses were carried out. The outcomes of these simulations reasonably supported the measurement obtained.

None of the impairment tests carried out as at December 31, 2021 identified any impairment losses. However, since the value in use is determined on the basis of estimates, the Group cannot guarantee that the value of goodwill or other intangible assets will not be subject to impairment in the future.

11. Other intangible fixed assets

Balance as at 12.31.2021	22,752
Balance as at 12.31.2020	18,606
Change	**4,146**

The breakdown of the item is as follows:

Net value	Costs of research, development and advertising	Patents and rights to use patents of others	Concessions, licences, trademarks and similar rights	Other	Assets under construction and advances	Total
Balance as at 01.01.2020	2,507	484	9,556	703	3,823	17,072
Increases	293	574	5,074	126	2,632	8,700
Revaluations (Write-downs)	-	-	-	-	-	-
Other changes	-	(23)	129	(19)	(2,070)	(1,983)
Exchange differences	-	-	(54)	-	(8)	(62)
(Amortisation)	(189)	(300)	(4,356)	(276)	-	(5,122)
Balance as at 12.31.2020	**2,611**	**735**	**10,349**	**533**	**4,378**	**18,606**
Increases	571	24	6,911	803	3,210	11,519
Revaluations (Write-downs)	-	-	-	(18)	-	(18)
Other changes	(454)	-	994	272	(2,527)	(1,715)
Exchange differences	-	-	32	-	-	33
(Amortisation)	(204)	(276)	(4,812)	(381)	-	(5,674)
Balance as at 12.31.2021	**2,524**	**483**	**13,473**	**1,211**	**5,061**	**22,752**

12. Equity investments

Balance as at 12.31.2021	12,704
Balance as at 12.31.2020	9,433
Change	**3,271**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Delta
BT GASES Ltd	1	-	1
FLOSIT PHARMA Sa	476	458	18
GTE Sl	21	23	(2)
ZDS JESENICE doo	8	8	-
Non-consolidated subsidiary companies	**506**	489	17
CONSORZIO ECODUE	405	403	2
CT BIOCARBONIC GmbH	5,161	5,134	27
Jointly controlled companies	**5,566**	5,537	28
CONSORGAS Srl	79	246	(167)
NEMO LAB Srl	200	-	200
SHANGHAI JIAWEI MEDICAL GAS Co. Ltd	2,015	-	2,015
Associated companies	**2,294**	246	2,048
Other minority interests	4,339	3,160	1,179
Other companies	**4,339**	3,160	1,179
Total	**12,704**	9,433	3,271

Except for:

- Euro 485 thousand recognised as non-consolidated subsidiaries (in the portfolio of the subsidiary SPG - SOL PLIN GORENJSKA doo of Euro 8 thousand, SOL FRANCE Sas of Euro 46 thousand and FLOSIT Sa of Euro 430 thousand, AIRSOL Srl Euro 1 thousand)
- Euro 405 thousand recognised as jointly controlled companies (in the portfolio of the subsidiary SOL GAS PRIMARI Srl)
- Euro 2,215 thousand recognised as associated companies (in the portfolio of the subsidiary VIVISOL Srl of Euro 200 thousand and AIRSOL Srl Euro 2,015 thousand)
- Euro 4,320 thousand recognised as other minority interests (relating to investments in local companies by the subsidiaries SOL GAS PRIMARI Srl of Euro 2,708 thousand, Shanghai Shenwei Medical Gas Co. Ltd of Euro 883 thousand, SICGILSOL GASES PRIVATE Ltd of Euro 369 thousand, UTP doo of Euro 346 thousand, ICOA Srl of Euro 8 thousand, TGS Ad of Euro 2 thousand, TPJ doo of Euro 2 thousand, ICOA Srl of Euro 8 thousand, CRYOS Srl of Euro 1 thousand and VIVISOL SILARUS Srl of Euro 1 thousand),

all of the above investments are held by the parent company.
Non-consolidated subsidiaries and other minority interests are measured at fair value.
The following table shows the main economic and financial data of jointly controlled companies consolidated with the net equity method:

Jointly controlled companies	CT BIOCARBONIC GmbH	CONSORZIO ECODUE
Total assets	6,527	1,018
Total liabilities	1,314	207
Revenues	3,158	433
Operating result	53	5

13. Other financial assets

Balance as at 12.31.2021	10,484
Balance as at 12.31.2020	6,736
Change	**3,748**

The breakdown of the item is as follows:

Description	**12.31.2021**	12.31.2020	Change
Amounts receivable from third parties	9,406	5,580	3,826
Securities	1,077	1,156	(79)
Total	**10,484**	6,736	3,748

The breakdown of the item “Amounts receivable from third parties” is as follows:

Description	**12.31.2021**	12.31.2020	Change
Guarantee deposits	4,910	4,367	543
Derivatives	1,509	563	945
Tax receivables	2,889	345	2,543
Other receivables	99	304	(205)
Total	**9,406**	5,580	3,826

For further information on derivatives, see paragraph “Payables and other financial liabilities”.
The item “Other receivables” mainly refers to long-term financial receivables to group companies not consolidated on a full line-by-line basis.

The breakdown for the item "Securities" is as follows:

Description	12.31.2021	12.31.2020	Change
CRYOS Srl	61	55	7
ISIMED Srl	1	-	1
SOL HELLAS Sa	1,009	1,095	(86)
SOL TG GmbH	6	6	-
Total	**1,077**	1,156	(79)

The item "Securities" relating to SOL HELLAS refers to government securities of Greece, with maturity exceeding 12 months issued in payment of receivables claimed by the subsidiary SOL HELLAS from public bodies.

14. Deferred tax assets

Balance as at 12.31.2021	21,031
Balance as at 12.31.2020	21,695
Change	**(665)**

The breakdown of the above item is as follows:

	Bad debts	Risk provisions	Internal profits	Prior losses	Other	Total
Balance as at 01.01.2020	1,244	147	916	1,100	3,502	6,909
Provisions/Uses	87	(59)	(64)	(95)	11,841	11,710
Other changes	(69)	69		391	2,730	3,121
Exchange differences				(24)	(19)	(43)
Balance as at 12.31.2020	1,263	156	853	1,371	18,053	**21,695**
Provisions/Uses	(144)	118	(78)	1,181	(2,641)	(1,564)
Other changes					872	872
Exchange differences				23	4	27
Balance as at 12.31.2021	1,118	274	774	2,576	16,288	**21,031**

Deferred tax assets were measured in the case of probable realisation and tax recoverability considering the limited time horizon based on the business plans of the companies.
Deferred tax assets of Euro 2,576 thousand were recognised against prior losses in that there exists the probability of obtaining, in future financial years, taxable income sufficient to absorb the tax losses carried forward.
The item "Other" includes the tax effect related to asset revaluations carried out by some Italian companies of the Group of Euro 10,132 thousand, which, although eliminated in the consolidated financial statements, allow the Group to receive the related tax benefits.

15. Inventories

Balance as at 12.31.2021	67,303
Balance as at 12.31.2020	63,301
Change	**4,001**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Change
Raw, subsidiary and consumable materials	6,336	4,105	2,231
Work in progress and semi-finished goods	1,913	1,497	416
Finished products and goods for resale	59,054	57,700	1,354
Total	**67,303**	63,301	4,001

16. Trade receivables

Balance as at 12.31.2021	340,023
Balance as at 12.31.2020	297,949
Change	**42,074**

The breakdown of the item is as follows:

Description	Within 12 months	Beyond 12 months	Allowance for doubtful accounts	12.31.2021	12.31.2020
Trade receivables	365,958	-	(25,935)	340,023	297,949
Total	365,958	-	(25,935)	**340,023**	297,949

The allowance for doubtful accounts changed as follows:

Description	12.31.2020	Provisions	Uses	Other changes	12.31.2021
Allowance for doubtful accounts	21,540	4,882	(2,934)	2,447	25,935
Total	21,540	4,882	(2,934)	2,447	**25,935**

The item "Other changes" refers to exchange rate differences of Euro 16 thousand, to the change in the Scope of Consolidation of Euro 5,049 thousand and to reversals of the fund of Euro 2,586 thousand.

17. Other current assets

Balance as at 12.31.2021	36,197
Balance as at 12.31.2020	25,485
Change	**10,712**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Change
Amounts receivable from employees	813	867	(54)
Amounts receivable in respect of income tax	8,246	2,762	5,484
VAT receivables	11,642	14,074	(2,432)
Other amounts receivable from the tax authorities	1,478	320	1,158
Other receivables	3,023	977	2,046
Prepayments and accrued income	10,994	6,485	4,509
Total	**36,197**	25,485	10,712

"Prepayments and accrued income" represent the harmonising items for the period calculated on an accrual basis.

This item breaks down as follows:

Description	12.31.2021	12.31.2020	Change
Accrued income			
Interest	44	16	28
Other accrued income	772	191	581
Total accrued income	**816**	207	609
Prepayments			
Insurance premiums	782	716	67
Rents	519	358	161
Other prepayments	8,876	5,204	3,672
Total prepayments	**10,178**	6,278	3,900
Total prepayments and accrued income	**10,994**	6,485	4,509

The item “Other prepayments” mainly comprises purchase invoices referring to maintenance agreements or other expenses.

18. Current financial assets

Balance as at 12.31.2021	8,671
Balance as at 12.31.2020	7,449
Change	**1,222**

The breakdown of the item is as follows:

Description	**12.31.2021**	12.31.2020	Change
Financial receivables from jointly controlled companies	350	800	(450)
Derivatives	1,443	343	1,100
Short-term time deposits	6,834	6,300	534
Other financial receivables	44	6	37
Total	**8,671**	7,449	1,222

The breakdown for the item “Short-term time deposits” is as follows:

Company	**12.31.2021**	12.31.2020	Change
DN GLOBAL HOMECARE Ltda	326	158	168
FLOSIT Sa	2,140	2,563	(423)
GLOBAL CARE Ltda	896	447	449
PORTARE Lda	2	-	2
SICGILSOL GASES PRIVATE Ltd	68	61	7
SOL INDIA PRIVATE Ltd	496	644	(148)
TGT Ad	2,008	1,854	154
UNIT CARE Ltda	893	570	323
VIVISOL BRASIL Sa	5	2	3
VIVISOL PORTUGAL Lda	-	1	(1)
Total	**6,834**	6,300	534

19. Cash and cash at bank

Balance as at 12.31.2021	139,642
Balance as at 12.31.2020	269,181
Change	**(129,539)**

The breakdown for this item is as follows:

Description	**12.31.2021**	12.31.2020	Change
Bank and postal deposits	139,140	268,710	(129,569)
Cash and cash equivalents on hand	501	471	30
Total	**139,642**	269,181	(129,539)

20. Shareholders' equity

Balance as at 12.31.2021	721,452
Balance as at 12.31.2020	662,848
Change	**58,603**

The share capital of SOL Spa as at December 31, 2021 comprised 90,700,000 ordinary shares with a par value of Euro 0.52 each, fully subscribed and paid up.

The breakdown of and changes in shareholders' equity at year-end are detailed below:

Shareholders' equity	12.31.2020	Transfer of result	Dividends paid	Translation differences	Other changes	Profit (loss)	12.31.2021
Pertaining to the Group:							
Share capital	47,164	-	-	-	-	-	47,164
Share premium reserve	63,335	-	-	-	-	-	63,335
Revaluation reserves	-	-	-	-	-	-	-
Legal reserve	10,459	-	-	-	-	-	10,459
Statutory reserves	-	-	-	-	-	-	-
Treasury share reserves	-	-	-	-	-	-	-
Other reserves	408,351	85,821	-	1,535	(8,803)	-	486,904
Profits/(Losses) carried forward	3,317	17,227	(19,954)	-	256	-	845
Net Profit	103,047	(103,047)	-	-	-	89,549	89,549
Shareholders' equity - Group	635,674	-	(19,954)	1,535	(8,547)	**89,549**	**698,257**
Minority interests:							
Shareholders' equity - Minority interests	21,987	5,187	(3,903)	(13)	(4,272)	-	18,987
Profit pertaining to minority interests	5,187	(5,187)	-	-	-	4,208	4,208
Shareholders' equity - Minority interests	27,174	-	(3,903)	(13)	(4,272)	**4,208**	**23,194**
Shareholders' equity	662,848	-	(23,857)	1,522	(12,819)	**93,757**	**721,452**

The item "Other reserves" mainly includes extraordinary reserves, the Cash Flow Hedge (*CFH*) reserve and unallocated profits.
As at December 31, 2021, the *CFH* reserve, gross of the tax effect, was positive and amounted to Euro 1,278 thousand (negative for Euro 3,793 thousand as at December 31, 2020). The change in the period is reported in the Consolidated Statement of Comprehensive Income.
For further information on derivatives, see paragraph "Payables and other financial liabilities".

Reconciliation of Parent Company's Financial Statements with the Consolidated Financial statements

Description	12.31.2021 Shareholders' equity	12.31.2021 Net income	12.31.2020 Shareholders' equity	12.31.2020 Net income
Financial Statements of SOL Spa	**284,910**	**31,221**	269,725	25,422
Elimination of consolidated inter-company transactions, net of tax effects:				
- Internal profit on tangible fixed assets	(2,733)	182	(2,909)	118
- Internal profit on long-term investments	-	(1,727)	-	3
- Reversal of adjustments to investments in subsidiary companies	-	105	-	1,925
- Dividends paid by consolidated companies	-	(79,009)	-	(49,806)
Adjustment of accounting policies to achieve consistent Group accounting policies, net of tax effects:				
- Adjustment to achieve a consistent accounting policy regarding intangible assets	15,870	(833)	2,612	(222)
- Application of *IFRS 16* and *IAS 17*	(135)	(67)	(85)	(121)
- Valuation at equity of companies reported at cost	806	(138)	944	249
Book value of consolidated equity investments	(774,198)	-	(669,309)	-
Shareholders' Equity and profit for the year of consolidated companies	1,013,777	139,815	904,834	125,479
Allocation of the difference to the assets of the consolidated companies and relative depreciation, amortisation and write-downs:				
- Goodwill from consolidation	159,960	-	129,862	-
Group consolidated financial statements	**698,257**	**89,549**	635,674	103,047

21. Employee severance indemnities and benefits

Balance as at 12.31.2021	18,696
Balance as at 12.31.2020	18,536
Change	**159**

The breakdown for this item is as follows:

Employee severance indemnities and benefits	**12.31.2021**	12.31.2020
Balance as at 1 January	18,536	17,308
Provisions	2,364	2,399
(Uses)	(1,047)	(1,016)
Financial expense	(25)	(2)
Other changes	(1,122)	(124)
Exchange differences	(11)	(30)
Balance at the end of the period	**18,696**	18,536

Employee benefits are calculated on the basis of the following actuarial assumptions:

	Interest rate
Annual discount rate	0.58 %
Inflation rate	1.50 %
Annual severance indemnity increase rate	2.18 %
Annual wage increase rate	2.00 %

Sensitivity analysis

The effects of the variation of the assumptions used are presented here below:

Balance as at December 31, 2021	Amount
Inflation rate + 0.5 %	310
Inflation rate - 0.5 %	(298)
Discount rate + 0.5 %	(588)
Discount rate - 0.5 %	441
Turnover rate +0.5 %	227

Employee severance indemnities

The item "Employee severance indemnities" reflects the indemnity provided to employees during their working relationship that is paid at the time the employee leaves the company. In the presence of specific conditions, the employee may obtain a partial advance on said indemnity during their working relationship.

Other

The item "Other" comprises benefits such as the loyalty bonus, which accrues on attainment of a specific length of service within the company.

22. Provision for deferred taxes

Balance as at 12.31.2021	7,362
Balance as at 12.31.2020	4,261
Change	**3,100**

The item "Provision for deferred taxes" represents the net balance of deferred tax liabilities provided for in the consolidated financial statements as at December 31, 2021 with regard to tax items present in the financial statements of the Group companies (accelerated depreciation), and the deferred tax liabilities referring to the other consolidation entries; the item comprises.

Description	Capital gains	Accelerated depreciations	Leasing	Other minor	**Total**
Balance as at 01.01.2020	57	727	66	2,627	3,477
Provisions/Uses	(35)	254	(40)	(295)	(115)
Other changes	-	-	-	958	958
Exchange differences	-	(21)	5	(42)	(58)
Balance as at 12.31.2020	22	960	31	3,248	**4,261**
Provisions/Uses	9	1,255	(25)	295	1,534
Other changes	-	-	-	1,434	1,434
Exchange differences	-	76	5	52	133
Balance as at 12.31.2021	32	2,290	11	5,029	**7,362**

23. Provisions for risks and charges

Balance as at 12.31.2021	3,070
Balance as at 12.31.2020	1,076
Change	**1,994**

The breakdown of the item is as follows:

Description	**12.31.2021**	12.31.2020	Change
Other minor provisions	3,070	1,076	1,994
Total other provisions	**3,070**	1,076	1,994
Total	**3,070**	1,076	1,994

"Provisions for risks and charges" are allocated exclusively in the presence of a current obligation assessable in a reliable way, as a result of past events, which may be legal, contractual or derive from declarations or behaviour of the company such as to create in third parties a reasonable expectation that the company is responsible or assumes the responsibility of fulfilling an obligation. If the financial effect of time is significant, the liability is discounted, the discounting effect is recorded under financial expense.

The provisions underwent the following changes:

Description	12.31.2020	Provisions	Uses	Other changes	12.31.2021
Other minor provisions	1,076	776	(91)	1,309	3,070
Total	1,076	776	(91)	1,309	**3,070**

24. Payables and other financial liabilities

Balance as at 12.31.2021	378,471
Balance as at 12.31.2020	446,551
Change	**(68,080)**

The breakdown of the item is as follows:

Description	12.31.2021	12.31.2020	Change
Bonds	109,796	121,732	(11,937)
Mortgages	231,577	283,730	(52,154)
Leasing	34,573	36,488	(1,915)
Derivatives	1,135	3,509	(2,374)
Other	1,390	1,091	299
Total	**378,471**	446,551	(68,080)

The item "Bonds" refers:

- to the issue of two bond loans taken out by two American institutional investors.
  The original amount of these issues totals US$95 million converted to Euro 75,011 thousand by means of two cross currency swap (*CCS*) contracts for a duration equal to the original bond loans (12 years).
- to the issue of a bond subscribed by three American institutional investors.
  The original amount of this issue was Euro 40 million.
- to the issue of a bond subscribed by two American institutional investors.
  The original amount of this issue was Euro 70 million.

The item "Amounts due to other lenders" for the most part comprises medium- and long-term loans granted by credit institutions. Some of these loans are backed by liens on movable assets and mortgages on real property, as already mentioned in the notes regarding tangible fixed assets. Furthermore, the same item also includes the lease liability amounting to Euro 49,882 thousand, deriving from the application of accounting standard *IFRS 16* to assets that are the subject matter of a finance lease.
It also includes financial liabilities for derivatives.

The detailed breakdown of the item “Bonds” and “Amounts due to other lenders” is as follows (with values expressed in thousands of Euro):

Lending institution	Amount	Long-term portion	Short-term portion	Interest rate		Maturity		Original amount
INTESA SAN PAOLO	12	-	12	Fixed	2.00%	05.30.2022	Euro	140,000
BPM	123	-	123	Floating	3.00%	10.31.2022	Euro	300,000
MISE	55	-	55	Fixed	17.00%	12. 31.2022	Euro	289,820
UNICREDIT	389	-	389	Floating	0.59%	12. 31.2022	Euro	5,200,000
BANCA CHIANTI	155	52	103	Fixed	2.68%	06.08.2023	Euro	300,000
MEDIOBANCA *	1,607	536	1,071	Fixed	2.90%	06.20.2023	Euro	15,000,000
UNICREDIT BULBANK	2,000	1,000	1,000	Fixed	4.50%	10.11.2023	Euro	8,000,000
UNICREDIT	21	10	11	Floating	1.00%	11.30.2023	Euro	27,000
INTESA SAN PAOLO*	9,375	5,625	3,750	Floating	1.92%	03.31.2024	Euro	30,000,000
MEDIOCREDITO ITALIANO	3,704	2,223	1,481	Floating	1.25%	03.31.2024	Euro	20,000,000
BANCA CHIANTI	234	136	98	Fixed	2.95%	04.28.2024	Euro	250,000
UNICREDIT *	3,125	1,875	1,250	Floating	1.20%	05.31.2024	Euro	10,000,000
BNL	129	79	50	Floating	2.00%	07.22.2024	Euro	200,000
BANCA CHIANTI	286	203	83	Fixed	2.68%	04.28.2025	Euro	300,000
MONTE PASCHI SIENA	2,917	2,084	833	Fixed	4.21%	06.15.2025	Euro	10,000,000
INTESA SAN PAOLO*	13,125	9,375	3,750	Fixed	1.44%	06.30.2025	Euro	30,000,000
CREDITO VALTELLINESE	5,065	3,811	1,254	Floating	0.60%	07.05.2025	Euro	10,000,000
CREDITO VALTELLINESE	2,532	1,905	627	Floating	0.60%	07.05.2025	Euro	5,000,000
INTESA SAN PAOLO	144	104	40	Fixed	1.00%	07.13.2025	Euro	200,000
BNL	844	619	225	Floating	1.55%	09.01.2025	Euro	900,000
UBI BANCA	10,174	7,644	2,530	Fixed	1.00%	09.14.2025	Euro	20,000,000
BANCA IMI *	3,036	2,391	645	Fixed	6.50%	01.26.2026	Euro	7,000,000
BCC CARATE	5,723	4,473	1,250	Floating	1.00%	06.13.2026	Euro	10,000,000
INTESA SAN PAOLO*	22,500	17,500	5,000	Fixed	1.10%	06.30.2026	Euro	40,000,000
BNL - BNP PARIBAS *	16,500	13,500	3,000	Fixed	1.69%	11.25.2026	Euro	30,000,000
UNICREDIT BOSNIA	1,146	945	201	Floating	3.80%	12.31.2026	Euro	2,000,000
CARIGE	180	157	23	Fixed	1.55%	04.30.2027	Euro	180,000
UBI BANCA *	28,044	23,126	4,918	Fixed	1.60%	06.26.2027	Euro	40,000,000
MEDIOBANCA	32,500	27,500	5,000	Fixed	1.66%	01.28.2028	Euro	40,000,000
UBI BANCA	699	602	97	Floating	2.20%	09.24.2028	Euro	1,000,000
INVITALIA	5,160	4,474	686	Fixed	0.11%	06.30.2029	Euro	12,643,000
BANCO BPM	44,045	38,180	5,865	Fixed	1.90%	06.30.2029	Euro	50,000,000
BNL - BNP PARIBAS *	39,948	34,960	4,988	Floating	1.73%	12.31.2029	Euro	40,000,000
BNL - BNP PARIBAS *	25,087	21,871	3,216	Fixed	1.32%	05.06.2030	Euro	30,000,000
BCC CARATE	4,996	4,460	536	Fixed	0.85%	12.17.2030	Euro	5,000,000
BANCA DI CARAGLIO	173	157	16	Floating	1.80%	11.30.2031	Euro	250,000
Derivatives	1,729	1,135	594					
Lease liabilities	49,882	34,573	15,309					
Total amounts due to other lenders	**337,364**	**267,285**	**70,079**					
Bonds	121,733	109,796	11,937					
Total	**459,097**	**377,081**	**82,016**					

Covenants

The loan agreements marked by an asterisk (*) contain financial restrictions (covenants) that envisage the maintenance of certain ratios between net financial indebtedness and shareholders' equity, between net financial indebtedness and cash-flow, and between net financial indebtedness and EBITDA referable to the consolidated financial statements.

To date, these parameters were complied with and are complied with as at December 31, 2021.

Derivatives

Some loan agreements were covered by derivative contracts, as defined below:

1. The loan agreement outstanding with Mediobanca whose residual debt amounts to Euro 1,607 thousand was hedged by an *IRS* agreement entered into on May 19, 2010, which anticipates the payment of a fixed rate of 2.9% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2021, calculated by the same bank, was negative in the amount of Euro 55 thousand (negative in the amount of Euro 139 thousand as at December 31, 2020).
2. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 39,948 thousand, was hedged by a fixed rate of 1.45% against a floating 6-month Euribor rate.
   The fair value as at December 31, 2021, calculated by the same bank, was negative in the amount of Euro 351 thousand (negative in the amount of Euro 1,366 thousand as at December 31, 2020).
3. The bond whose residual debt amounts to Euro 14,383 thousand was hedged by a CCS contract entered into with Intesa San Paolo on June 15, 2012.
   The fair value as at December 31, 2021, calculated by the same bank, was positive in the amount of Euro 1,407 thousand (at December 31, 2020 positive in the amount of Euro 218 thousand).
4. The bond whose residual debt amounts to Euro 10,828 thousand was hedged by a CCS contract entered into with Intesa San Paolo on May 29, 2013.
   The fair value as at December 31, 2021, calculated by the same bank, was positive in the amount of Euro 1,478 thousand (at December 31, 2020 positive in the amount of Euro 688 thousand).
5. The loan outstanding with Unicredit Bulbank whose residual debt amounts to Euro 2,000 thousand was hedged by a fixed rate of 2.40% against a floating 3-month Euribor rate.
   The fair value as at December 31, 2021, calculated by the same bank, was negative in the amount of Euro 67 thousand (negative in the amount of Euro 148 thousand as at December 31, 2020).
6. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 13,125 thousand was hedged by a fixed rate of 0.44% against a floating 6-month Euribor rate.
   The fair value as December 31, 2021, calculated by the same bank, was negative in the amount of Euro 178 thousand (negative in the amount of Euro 401 thousand as at December 31, 2020).
7. The loan agreement outstanding with Banca Popolare di Bergamo, the residual debt of which amounts to Euro 10,174 thousand, was hedged by a fixed rate of 0.10% against a floating 3-month Euribor rate.
   The fair value as December 31, 2021, calculated by the same bank, was negative in the amount of Euro 95 thousand (negative in the amount of Euro 221 thousand as at December 31, 2020).
8. The loan agreement outstanding with Intesa San Paolo whose residual debt amounts to Euro 27,500 thousand was hedged by a fixed rate of 0.10% against a floating 6-month Euribor rate.
   The fair value as December 31, 2021, calculated by the same bank, was negative in the amount of Euro 145 thousand (negative in the amount of Euro 488 thousand as at December 31, 2020).
9. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 16,500 thousand, was hedged by a fixed rate of 0.535% against a floating 6-month Euribor rate.
   The fair value as December 31, 2021, calculated by the same bank, was negative in the amount of Euro 278 thousand (negative in the amount of Euro 595 thousand as at December 31, 2020).
10. The loan agreement outstanding with Mediobanca, the residual debt of which amounts to Euro 32,500 thousand, was hedged by a fixed rate of 0.759% against a floating 6-month Euribor rate.
    The fair value as December 31, 2021, calculated by the same bank, was negative in the amount of Euro 560 thousand (negative in the amount of Euro 1,066 thousand as at December 31, 2020).
11. The loan agreement outstanding with BNL - BNP Paribas, the residual debt of which amounts to Euro 25,087 thousand, was hedged by a fixed rate of -0.13% against a floating 6-month Euribor rate.
    The fair value as at December 31, 2021, calculated by the same bank, was positive in the amount of Euro 67 thousand (negative in the amount of Euro 392 thousand at December 31, 2020).

The Group, where possible, applies hedge accounting, verifying compliance with the requirements of *IAS 39*. From January 1, 2018, the Group decided to continue to use the hedge accounting rules set out in *IAS 39* and not *IFRS 9* for all hedges already designated in hedge accounting at December 31, 2017 and for new hedges designated in subsequent periods.
Derivative instruments that qualify as hedges pursuant to *IFRS* 9 and *IAS* 39 comprise transactions put in place to hedge the fluctuations in cash flows (*Cash Flow Hedge - CFH*) and to hedge the fair value of the hedged element (*Fair Value Hedge - FVH*).
The contract numbered 1. was assessed at fair value hedge, while contracts numbered from 2. to 11. were assessed at cash flow hedge.

Hierarchical levels of fair value measurement

As regards the financial instruments recorded in the statement of financial position at fair value, the *IFRS 7* requires that such values be classified on the basis of a hierarchical level that reflects the importance of the inputs used when determining the fair value.
The levels are broken down as follows:

- Level 1 - prices recorded on an active market for measured assets or liabilities;
- Level 2 - inputs other than the prices set forth above, which are directly (prices) or indirectly (derived from the prices) observable on the market;
- Level 3 - inputs that are based on observable market figures.

The following table shows the assets and liabilities at fair value as at December 31, 2021, by hierarchical level of fair value measurement:

Payables and other financial liabilities	Notes	Level 1	Level 2	Level 3	Total
Negative measurement					
BANCA POPOLARE DI BERGAMO			(95)		(95)
BNL - BNP PARIBAS			(278)		(278)
BNL - BNP PARIBAS			(351)		(351)
INTESA SAN PAOLO			(178)		(178)
INTESA SAN PAOLO			(145)		(145)
MEDIOBANCA			(55)		(55)
MEDIOBANCA			(560)		(560)
UNICREDIT			(67)		(67)
Total negative measurement		-	(1,729)	-	**(1,729)**
Positive measurement					
BNL - BNP PARIBAS			67		67
INTESA SAN PAOLO			1,407		1,407
INTESA SAN PAOLO			1,478		1,478
Total positive measurement		-	2,952	-	**2,952**
Overall total		-	1,223	-	**1,223**

Fair value Calculation models used

The fair value of the item "Due to banks" and of the item "Due to other lenders" was calculated on the basis of the interest rate curve at the end of the reporting period.
The fair value of the financial instruments listed on an active market is based on market prices at the end of the reporting period. The market prices used are bid/ask prices depending on the active/passive position held. The fair value of financial instruments not listed in an active market and of derivative instruments is determined using measurement techniques and models prevailing on the market, using inputs that are observable on the market.
It should be noted that - for the items trade receivables and payables, other financial assets - fair values have not been calculated as their book value approximates them.

The fair value of finance lease payables and due to other lenders is not materially different from their book value.

25. Current liabilities

Balance as at 12.31.2021	315,398
Balance as at 12.31.2020	281,004
Change	**34,393**

This item breaks down as follows:

Description	12.31.2021	12.31.2020	Change
Amounts due to banks	1,643	2,216	(573)
Trade accounts payable	150,290	122,222	28,069
Other financial liabilities	82,098	78,368	3,730
Tax payables	19,216	22,124	(2,907)
Other current liabilities	62,150	56,075	6,075
Total	**315,398**	281,004	34,393

The item “Other financial liabilities” represents the short-term portions of the amounts due to other lenders, for which reference is made to the breakdown reported previously in the section “Payables and other financial liabilities”.

The breakdown of the item “Tax payables” comprises:

Description	12.31.2021	12.31.2020	Change
Income tax payables	7,185	10,628	(3,443)
VAT payables	6,101	5,358	743
Other tax payables	5,930	6,138	(207)
Total	**19,216**	22,124	(2,907)

“Other current liabilities” comprise:

Description	12.31.2021	12.31.2020	Change
Amounts due to social security institutions	8,678	7,804	873
Amounts due to employees	15,432	13,803	1,629
Amounts due to shareholders for dividends	34	22	12
Amounts due for the purchase of equity investments	-	1,857	(1,857)
Guarantee deposits payable	1,903	207	1,696
Other payables	3,262	8,754	(5,492)
Accrued expenses and deferred income	32,841	23,626	9,215
Total	**62,150**	56,075	6,075

The breakdown of the item “Accrued expenses and deferred income” is as follows:

Description	12.31.2021	12.31.2020	Change
Accrued expenses			
Interest payable on loans	765	936	(171)
Other	7,597	5,186	2,411
Total accrued expenses	**8,362**	6,122	2,240
Deferred income			
Sink funds granted	591	532	60
Rentals receivable	44	37	7
Other	23,844	16,936	6,908
Total deferred income	**24,479**	17,505	6,975
Total accrued expenses and deferred income	**32,841**	23,626	9,215

REVENUES BY TYPE OF BUSINESS SOL GROUP

(amounts in thousands of Euro)

	12.31.2021						
	Technical gas sector	%	Home care service sector	%	Write downs	Consolidated figures	%
Technical gas sector	590,036	100.0%			(31,613)	558,423	50.2%
Home care service sector			555,935	100.0%	(1,449)	554,486	49.8%
Net sales	**590,036**	**100.0%**	**555,935**	**100.0%**	**(33,062)**	**1,112,909**	**100.0%**
Other revenues and income	7,467	1.3%	4,204	0.8%	(611)	11,060	1.0%
Internal works and collections	3,921	0.7%	13,049	2.3%	1,962	18,933	1.7%
Revenues	**601,424**	**101.9%**	**573,188**	**103.1%**	**(31,711)**	**1,142,901**	**102.7%**
Purchase of materials	199,972	33.9%	123,779	22.3%	(17,728)	306,023	27.5%
Services rendered	185,476	31.4%	146,684	26.4%	(12,649)	319,511	28.7%
Change in inventories	(1,913)	-0.3%	(467)	-0.1%		(2,380)	-0.2%
Other costs	13,627	2.3%	12,413	2.2%	(1,279)	24,761	2.2%
Total costs	**397,161**	**67.3%**	**282,409**	**50.8%**	**(31,656)**	**647,915**	**58.2%**
Added value	**204,263**	**34.6%**	**290,779**	**52.3%**	**(55)**	**494,987**	**44.5%**
Payroll and related costs	104,107	17.6%	130,102	23.4%		234,209	21.0%
Gross operating margin	**100,156**	**17.0%**	**160,677**	**28.9%**	**(55)**	**260,778**	**23.4%**
Depreciation/amortisation	58,297	9.9%	60,505	10.9%	494	119,296	10.7%
Provisions and write-downs	3,994	0.7%	1,717	0.3%		5,711	0.5%
Non-recurring (income)/expenses		0.0%		0.0%			0.0%
Operating result	**37,866**	**6.4%**	**98,454**	**17.7%**	**(549)**	**135,771**	**12.2%**
Financial income	25,336	4.3%	2,009	0.4%	(24,939)	2,406	0.2%
Financial expense	(10,455)	-1.8%	(2,977)	-0.5%	1,960	(11,472)	-1.0%
Results from equity investments	(777)	-0.1%	(52)	0.0%	52	(777)	-0.1%
Total financial income/(expense)	**14,104**	**2.4%**	**(1,020)**	**-0.2%**	**(22,928)**	**(9,843)**	**-0.9%**
Profit (Loss) before income taxes	**51,970**	**8.8%**	**97,434**	**17.5%**	**(23,476)**	**125,928**	**11.3%**
Income taxes	7,455	1.3%	24,701	4.4%	15	32,170	2.9%
Net result from business activities	**44,515**	**7.5%**	**72,733**	**13.1%**	**(23,491)**	**93,757**	**8.4%**
Net result from discontinued operations		0.0%		0.0%			0.0%
(Profit)/Loss pertaining to minority interests	(1,353)	-0.2%	(2,879)	-0.5%	25	(4,208)	-0.4%
Net Profit/(Loss)	**43,162**	**7.3%**	**69,853**	**12.6%**	**(23,466)**	**89,549**	**8.0%**

OTHER INFORMATION SOL GROUP

(amounts in thousands of Euro)

	12.31.2021						
	Technical gas sector	%	Home care service sector	%	Write downs	Consolidated figures	%
Total assets	1,129,848		802,749		(488,151)	1,444,447	
Total liabilities	658,782		260,337		(196,124)	722,996	
Investments	58,230		65,067			123,297	

12.31.2020						
Technical gas sector	%	Home care service sector	%	Write downs	Consolidated figures	%
470,482	100.0%			(32,284)	438,199	45.0%
		536,956	100.0%	(1,322)	535,634	55.0%
470,482	100.0%	536,956	100.0%	(33,605)	973,833	100.0%
5,732	1.2%	4,954	0.9%	(811)	9,875	1.0%
2,646	0.6%	7,157	1.3%	2,685	12,488	1.3%
478,860	101.8%	549,067	102.3%	(31,732)	996,196	102.3%
131,528	28.0%	126,974	23.6%	(17,962)	240,540	24.7%
152,219	32.4%	137,376	25.6%	(12,313)	277,282	28.5%
(5,286)	-1.1%	(9,173)	-1.7%		(14,459)	-1.5%
11,961	2.5%	13,657	2.5%	(1,186)	24,432	2.5%
290,421	61.7%	268,833	50.1%	(31,461)	527,794	54.2%
188,439	40.1%	280,234	52.2%	(271)	468,401	48.1%
93,483	19.9%	119,526	22.3%		213,009	21.9%
94,956	20.2%	160,707	29.9%	(271)	255,392	26.2%
54,369	11.6%	56,748	10.6%	(130)	110,986	11.4%
2,936	0.6%	1,483	0.3%		4,419	0.5%
	0.0%		0.0%			0.0%
37,651	8.0%	102,477	19.1%	(141)	139,987	14.4%
17,671	3.8%	2,079	0.4%	(17,582)	2,168	0.2%
(10,720)	-2.3%	(2,248)	-0.4%	971	(11,998)	-1.2%
20	0.0%	(76)	0.0%	76	20	0.0%
6,971	1.5%	(245)	0.0%	(16,536)	(9,810)	-1.0%
44,622	9.5%	102,232	19.0%	(16,676)	130,177	13.4%
571	0.1%	21,393	4.0%	(21)	21,943	2.3%
44,051	9.4%	80,839	15.1%	(16,655)	108,234	11.1%
	0.0%		0.0%			0.0%
(1,158)	-0.2%	(4,055)	-0.8%	25	(5,187)	-0.5%
42,893	9.1%	76,784	14.3%	(16,630)	103,047	10.6%

12.31.2020						
Technical gas sector	%	Home care service sector	%	Write downs	Consolidated figures	%
1,093,701		710,004		(389,429)	1,414,277	
682,355		202,125		(133,051)	751,429	
49,545		56,733			106,278	

BREAKDOWN OF REVENUES BY TYPE OF BUSINESS: TECHNICAL GAS SECTOR

The income statement of the Technical Gas Sector is shown below:

(amounts in thousands of Euro)

	12.31.2021	%	12.31.2020	%
Net sales	**590,036**	100.0%	470,482	100.0%
Other revenues and income	7,467	1.3%	5,732	1.2%
Internal works and collections	3,921	0.7%	2,646	0.6%
Revenues	**601,424**	101.9%	478,860	101.8%
Purchase of materials	199,972	33.9%	131,528	28.0%
Services rendered	185,476	31.4%	152,219	32.4%
Change in inventories	(1,913)	-0.3%	(5,286)	-1.1%
Other costs	13,627	2.3%	11,961	2.5%
Total costs	**397,161**	67.3%	290,421	61.7%
Added value	**204,263**	34.6%	188,439	40.1%
Payroll and related costs	104,107	17.6%	93,483	19.9%
Gross operating margin	**100,156**	17.0%	94,956	20.2%
Depreciation/amortisation	58,297	9.9%	54,369	11.6%
Provisions and write-downs	3,994	0.7%	2,936	0.6%
Non-recurring (income)/expenses	-	0.0%	-	0.0%
Operating result	**37,866**	6.4%	37,651	8.0%
Financial income	25,336	4.3%	17,671	3.8%
Financial expense	(10,455)	-1.8%	(10,720)	-2.3%
Results from equity investments	(777)	-0.1%	20	0.0%
Total financial income/(expense)	**14,104**	2.4%	6,971	1.5%
Profit (Loss) before income taxes	**51,970**	8.8%	44,622	9.5%
Income taxes	7,455	1.3%	571	0.1%
Net result from business activities	**44,515**	7.5%	44,051	9.4%
Net result from discontinued operations	-	0.0%	-	0.0%
(Profit)/Loss pertaining to minority interests	(1,353)	-0.2%	(1,158)	-0.2%
Net Profit/(Loss)	**43,162**	7.3%	42,893	9.1%

Sales in the Technical Gas Sector registered a 25.4% increase (of which 8.2% related to the change in the scope of consolidation).
Gross operating margin increased by 5.5% compared to the previous year.
Operating result increased by 0.6% compared to the previous year.

The statement of financial position of the Technical Gas sector is presented below:

(amounts in thousands of Euro)

	12.31.2021	12.31.2020
Tangible fixed assets	411,126	384,039
Goodwill and consolidation differences	29,477	28,809
Other intangible fixed assets	13,072	11,670
Equity investments	199,898	198,518
Other financial assets	8,842	4,639
Deferred tax assets	14,901	14,531
Non-current assets	**677,316**	642,207
Non-current assets held for sale	**-**	-
Inventories	31,133	27,626
Trade receivables	213,765	179,502
Other current assets	26,719	19,427
Current financial assets	101,408	38,992
Cash and cash at bank	79,507	185,946
Current assets	**452,532**	451,494
TOTAL ASSETS	**1,129,848**	1,093,701
Share capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	10,459	10,459
Reserve for treasury shares in portfolio	-	-
Other reserves	294,338	232,312
Retained earnings (accumulated loss)	-	2,727
Net Profit	43,162	42,893
Shareholders' equity - Group	**458,459**	398,891
Shareholders' equity - Minority interests	11,254	11,297
Profit pertaining to minority interests	1,353	1,158
Shareholders' equity - Minority interests	**12,608**	12,455
Shareholders' equity	**471,067**	411,346
Employee severance indemnities and benefits	13,875	13,340
Provision for deferred taxes	4,170	2,880
Provisions for risks and charges	1,557	223
Payables and other financial liabilities	354,131	419,951
Non-current liabilities	**373,734**	436,394
Non-current liabilities held for sale	**-**	-
Amounts due to banks	1,230	2,126
Trade accounts payable	100,916	78,126
Other financial liabilities	148,268	139,496
Tax payables	7,583	6,788
Other current liabilities	27,051	19,425
Current liabilities	**285,048**	245,961
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,129,848**	1,093,701

BREAKDOWN OF REVENUES BY TYPE OF BUSINESS: HOME CARE SERVICE SECTOR

The income statement of the Home care Service sector is shown below:

(amounts in thousands of Euro)

	12.31.2021	%	12.31.2020	%
Net sales	**555,935**	100.0%	536,956	100.0%
Other revenues and income	4,204	0.8%	4,954	0.9%
Internal works and collections	13,049	2.3%	7,157	1.3%
Revenues	**573,188**	103.1%	549,067	102.3%
Purchase of materials	123,779	22.3%	126,974	23.6%
Services rendered	146,684	26.4%	137,376	25.6%
Change in inventories	(467)	-0.1%	(9,173)	-1.7%
Other costs	12,413	2.2%	13,657	2.5%
Total costs	**282,409**	50.8%	268,833	50.1%
Added value	**290,779**	52.3%	280,234	52.2%
Payroll and related costs	130,102	23.4%	119,526	22.3%
Gross operating margin	**160,677**	28.9%	160,707	29.9%
Depreciation/amortisation	60,505	10.9%	56,748	10.6%
Provisions and write-downs	1,717	0.3%	1,483	0.3%
Non-recurring (income)/expenses	-	0.0%	-	0.0%
Operating result	**98,454**	17.7%	102,477	19.1%
Financial income	2,009	0.4%	2,079	0.4%
Financial expense	(2,977)	-0.5%	(2,248)	-0.4%
Results from equity investments	(52)	0.0%	(76)	0.0%
Total financial income/(expense)	**(1,020)**	-0.2%	(245)	0.0%
Profit (Loss) before income taxes	**97,434**	17.5%	102,232	19.0%
Income taxes	24,701	4.4%	21,393	4.0%
Net result from business activities	**72,733**	13.1%	80,839	15.1%
Net result from discontinued operations	-	0.0%	-	0.0%
(Profit)/Loss pertaining to minority interests	(2,879)	-0.5%	(4,055)	-0.8%
Net Profit/(Loss)	**69,853**	12.6%	76,784	14.3%

Sales in the home care service sector registered an increase of 3.5%.
Operating result decreased by 3.9% compared to the previous year.

The statement of financial position of the home care service sector is presented below:

(amounts in thousands of Euro)

	12.31.2021	12.31.2020
Tangible fixed assets	191,297	170,991
Goodwill and consolidation differences	105,530	101,937
Other intangible fixed assets	9,679	6,935
Equity investments	153,131	76,057
Other financial assets	2,952	2,847
Deferred tax assets	6,017	7,037
Non-current assets	**468,606**	365,805
Non-current assets held for sale	**-**	-
Inventories	36,169	35,675
Trade receivables	139,562	137,817
Other current assets	10,156	6,706
Current financial assets	88,121	80,890
Cash and cash at bank	60,135	83,111
Current assets	**334,143**	344,199
TOTAL ASSETS	**802,749**	710,004
Share capital	7,750	7,750
Share premium reserve	20,934	20,934
Legal reserve	1,550	1,550
Reserve for treasury shares in portfolio	-	-
Other reserves	407,157	361,561
Retained earnings (accumulated loss)	24,577	24,577
Net Profit	69,853	76,784
Shareholders' equity - Group	**531,821**	493,156
Shareholders' equity - Minority interests	7,712	10,669
Profit pertaining to minority interests	2,880	4,055
Shareholders' equity - Minority interests	**10,591**	14,723
Shareholders' equity	**542,412**	507,880
Employee severance indemnities and benefits	4,820	5,196
Provision for deferred taxes	3,165	1,354
Provisions for risks and charges	1,513	853
Payables and other financial liabilities	121,849	65,866
Non-current liabilities	**131,347**	73,270
Non-current liabilities held for sale	**-**	-
Amounts due to banks	413	90
Trade accounts payable	62,374	62,735
Other financial liabilities	18,468	12,778
Tax payables	11,633	15,335
Other current liabilities	36,102	37,917
Current liabilities	**128,990**	128,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**802,749**	710,004

INFORMATION BY GEOGRAPHIC AREA

The breakdown of revenues by geographic area is presented below:

Description	**12.31.2021**	12.31.2020	Change
Italy	467,762	424,926	42,836
Abroad	645,146	548,907	96,239
Total	**1,112,909**	973,833	139,076

The breakdown of investments by geographic area is presented below:

Description	**12.31.2021**	12.31.2020	Change
Italy	44,505	37,189	7,316
Other countries	78,792	69,089	9,703
Total	**123,297**	106,278	17,019

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

The parent company SOL Spa is controlled by GAS AND TECHNOLOGIES WORLD Bv, in turn controlled by STICHTING AIRVISION; the Group has not entered into any transaction with the latter.

INTRA-GROUP TRANSACTIONS

All the intra-group transactions fall within the ordinary operations of the Group, they are conducted on an arms' length basis, and there were no atypical or unusual transactions or transactions causing potential conflicts of interest.
Intra-group sales and services carried out during 2021 amounted to Euro 195.8 million.
As at December 31, 2021, receivable and payable transactions between Group companies came to Euro 383.5 million, of which Euro 286.6 million of a financial nature and Euro 96.9 million of a trade nature.

The breakdown of intercompany financial receivables is as follows:

• Financial receivables granted by SOL Spa	Euro	167.4 million
• Financial receivables granted by AIRSOL Bv	Euro	22.3 million
• Financial receivables granted by other companies	Euro	96.9 million

The transactions of the SOL Group with non-consolidated subsidiary companies, jointly controlled companies and associated companies comprised:

• Sales and services to CT BIOCARBONIC GmbH	Euro	49 thousand
• Purchases from CT BIOCARBONIC GmbH	Euro	3,158 thousand
• Financial receivables from CT BIOCARBONIC GmbH	Euro	350 thousand
• Trade receivables from CT BIOCARBONIC GmbH	Euro	6 thousand
• Amounts due to CT BIOCARBONIC GmbH	Euro	321 thousand
• Sales and services to ZDS JESENICE doo	Euro	2,041 thousand
• Purchases from ZDS JESENICE doo	Euro	3,546 thousand
• Trade receivables from ZDS JESENICE doo	Euro	265 thousand
• Amounts due to ZDS JESENICE doo	Euro	353 thousand
• Trade receivables from CONSORGAS Srl	Euro	3 thousand
• Financial receivables from CONSORGAS Srl	Euro	35 thousand
• Amounts due to CONSORGAS Srl	Euro	6 thousand
• Sales and services to CONSORZIO ECODUE	Euro	125 thousand
• Purchases from CONSORZIO ECODUE	Euro	245 thousand
• Trade receivables from CONSORZIO ECODUE	Euro	39 thousand
• Amounts due to CONSORZIO ECODUE	Euro	80 thousand

COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES

The Sol Group obtained sureties totalling Euro 82,062 thousand.

NET FINANCIAL POSITION

(amounts in thousands of Euro)

	12.31.2021	12.31.2020
A. Cash and cash equivalents	139,642	269,181
B. Cash and cash equivalents	6,834	6,300
C. Other current financial assets	1,882	1,166
D. Liquidity (A + B + C)	**148,357**	276,646
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(18,393)	(21,982)
F. Current portion of non-current financial debt	(66,113)	(61,396)
G. Current borrowing (E + F)	**(84,506)**	(83,378)
H. Net current borrowing (G - D)	**63,851**	193,269
I. Non-current financial debt (excluding the current portion and debt instruments)	(373,503)	(440,016)
J. Debt instruments	(1,135)	(3,509)
K. Trade payables and other non-current debts	(100)	-
L. Non-current borrowing (I + J + K)	**(374,738)**	(443,525)
M. Total net borrowing (H + L)	**(310,887)**	(250,257)

Letter E "Current financial debt" includes Euro 15,309 related to the short-term portion arising from the application of *IFRS 16*, while letter I "Non-current financial debt" includes Euro 34,573 related to the long-term portion.

After deduction of lease portions, net indebtedness amounted to Euro 261,025 thousand (Euro 198,450 as at December 31, 2020).

DISCLOSURE PURSUANT TO ARTICLE 1 PARAGRAPH 125 OF ITALIAN LAW NO. 124 OF 4 AUGUST 2017

With reference to Article 1 paragraph 125 of Italian Law 124/2017, the subsidies received by public administrations are summarised below:

- Contribution of Euro 271 thousand from the Ministry for Universities and Research (MIUR) for the Auto Thermal Reforming Project, 2007-2013 PON Research and Competitiveness funds granted to the Parent company
- Contribution of Euro 224 thousand from the Ministry of Economic Development (MiSE) for the CHEAPH2 Project, PON I&C 2014-2020 "Horizon 2020" Funds granted to the Parent company
- Contribution of Euro 69 thousand for the BIOSET Project for the development of services and products for a more efficient and safer blood transfusion chain granted to the Parent company
- Contribution of Euro 360 thousand for the Biomether Project LIFE12 ENV/IT/000308 Funds
- Contribution of the Lazio Region of Euro 32 thousand for the W-Shield project - public notice "2019 Strategic Projects" (managing body Lazio Innova) paid to CRYOLAB Srl
- European contribution of Euro 67 thousand for Katy project (Horizon 2020 programme - Artificial Intelligence and Bioinformatics in the fight against tumours) granted to the company PERSONAL GENOMICS Srl
- Contribution of Euro 36 thousand for Covid Sostegni and Sostegni bis Decree granted to the company BIOTECHSOL Srl
- Equalising contribution if Euro 20 thousand paid to the Company REVI Srl
- Contribution from the European Social Fund - Apulia Region Euro 31 thousand granted to the Company REVI Srl
- Contribution from the European Social Fund - Apulia Region Euro 20 thousand granted to the Company STERIMED Srl.

ADJUSTMENTS PURSUANT TO ART.S 15 AND 18 OF THE MARKET REGULATIONS

Pursuant to Article 18 (former 39) of the Market Regulation issued by Consob with reference to "Conditions for the share prices of companies controlling companies set-up and governed by the law of non-EU Countries" referred to in Article 15 (former 36) of the above Regulation (issued in order to implement Article 62 sub-paragraph 3 bis of Italian Legislative Decree 58/98 as amended on 28 December 2017 with resolution no. 20249), it is stated that in the SOL Group there are twelve companies based in four non-EU Countries that are important pursuant to sub-paragraph 2 of the said article 15.
The current procedures of the SOL Group already allow to conform with what is required by the standard.

INFORMATION PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER REGULATION

The following table, drawn up pursuant to Article 149 duodecies of the Consob Issuer Regulation, shows the considerations pertaining to the 2021 financial year for the auditing services and for those other than auditing supplied by the auditing company and by bodies belonging to its network.

(amounts in thousands of Euro)

	Subject who supplied the service	Recipient	Considerations pertaining to the 2021 financial year
External auditing	Deloitte	Parent Company SOL Spa	128
	Deloitte	Subsidiary companies	100
	Deloitte network	Subsidiary companies	236
Quarterly audit	Deloitte	Parent Company SOL Spa	6
	Deloitte	Subsidiary companies	9
	Deloitte network	Subsidiary companies	23
Other services	Deloitte	Parent Company SOL Spa (1)	42
	Deloitte	Subsidiary companies (1)	18
	Deloitte network	Subsidiary companies	22
Total			**585**

(1) Fiscal aid services and others

NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to Consob (Italian Securities and Exchange Commission) communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out non-recurring significant events and transactions during 2021.

TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob communication no. DEM/6064296 of July 28, 2006, the SOL Group did not carry out atypical and/or unusual operations in 2021, as defined by the Communication itself.

SIGNIFICANT EVENTS THAT TOOK PLACE AT THE END OF THE REPORTING PERIOD AND FORESEEABLE BUSINESS DEVELOPMENTS

In this regard, please refer to the specific section in the management report.

Monza, March 30, 2022

The Chairman of the Board of Directors
(Aldo Fumagalli Romario)

CERTIFICATE OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

The undersigned Aldo Fumagalli Romario and Marco Annoni, as Managing directors, and Marco Filippi, as Manager in charge of drawing up company accounting documents for SOL Spa, certify, also considering the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the business and
- actual application

of the administrative and accounting procedures for the drawing up of the consolidated financial statements during the 2021 financial year.

We also certify that:

1. The consolidated financial statements:
   a) have been prepared under international accounting standards recognised by the European Commission in compliance with (EC) Regulation no. 1606/2002 of the European Parliament and European Council decision of July 19, 2002,
   b) correspond to the results of the accounting books and records;
   c) give a true and fair view of the financial position, the results of the operations and of the cash flows of the issuer and of the consolidated companies.

2. The directors' report includes a reliable analysis of the business trend and operating result as well as of the situation of issuing company and of the consolidated companies, together with a description of the main risks and uncertainties they incur.

Monza, March, 30 2022

The Managing directors
(Aldo Fumagalli Romario)
(Marco Annoni)

Manager in charge of
drawing up company accounting documents
(Marco Filippi)

REPORT OF THE AUDITING COMPANY SOL GROUP

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
SOL S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SOL S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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	Titolo dell'aspetto chiave della revisione
Description of the key audit matter	The Group recognizes intangible assets with indefinite useful lives ("goodwill and consolidation differences") for Euro 170,313 thousand, which, in accordance with the applicable accounting standards, and as described in the notes to the financial statements, are not amortized, rather they are subjected to an impairment test at least annually. As required by the "IAS 36 Impairment of Assets," the Company's Directors have carried out the impairment test in order to determine that intangible assets with indefinite useful lives are accounted for in the consolidated financial statements at December 31, 2021 at a value not higher than their recoverable values. The amounts subject to impairment test do not include intangible assets with indefinite useful lives relating to the companies acquired by the Group during the year, equal to Euro 29,786 thousand, the value of which was subject to verification upon initial registration. The recoverable amounts of these assets were estimated by determining their economic values, based on the cash flows that the assets are able to generate. Based on the strategic and organizational choices made, the Directors identified the Cash Generating Units ("CGU") in the individual legal entities, which represent the smallest units generating financial flows identifiable within the Group. The recoverability of the amounts recorded in the financial statements was verified by comparing the carrying amounts of the assets attributable to the CGUs with the values in use of the same. The value in use, defined as Enterprise Value, was determined considering the expected cash flows for an explicit projection period (in some cases even longer than 5 years in relation to the specificity of some businesses) for the individual CGUs, the terminal value, determined after the last year of the explicit projection period through the application of a perpetual annuity, and an appropriate discount rate (Weighted Average Cost of Capital - WACC). In particular, the WACC was calculated for each CGU subjected to the impairment test, taking into account the specific parameters of the geographical area: market risk premium and sovereign debt yields. Future expectations about market conditions influence these assumptions. Based on the impairment test approved by the Board of Directors on March 30, 2022, the Directors assessed that the carrying values of the intangible assets with indefinite useful lives are lower than the recoverable values and, therefore, no impairment losses were recognized in relation to the intangible assets with indefinite useful lives.

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	Considering the relevant values of the intangible assets with indefinite useful lives accounted for in the consolidated financial statements, the subjectivity of the estimates related to the determination of cash flows (DCF) and the key variables of the impairment tests, we considered the impairment test as a key audit matter of the Group consolidated financial statements. Note 10 "Goodwill and consolidation differences" of the consolidated financial statements states the disclosures on the impairment test, including a sensitivity analysis performed by the Directors, which shows the effects that may occur on the recoverable value of intangible assets resulting from changes in certain key assumptions used for the impairment test.
Audit procedures performed	As part of our audit, we have, among others, carried out the following procedures, also with the support of experts: • review of the methods adopted by the Directors for the determination of the value in use of the CGUs, analyzing the methods and assumptions used and considered for the development of the impairment test and its compliance with the applicable accounting standards; • understand and evaluate the Group's relevant internal controls over the impairment test process related to intangible assets with indefinite useful lives; • analysis of the reasonableness of the key assumptions underlying the cash flow calculation; also, through the review of historical data available on the sector and on the Group (such as growth and average sector margins) as well as through the review of information obtained from the Directors; • analysis of the actual figures compared to the planned amounts in order to assess the nature of the deviations and the reliability of the planning process; • analysis of the reasonableness of the discount rate (WACC), of the calculation of the terminal value (TV) and of the long-term growth rate (g-rate); • review of the mathematical accuracy of the model used to estimate the value in use of the CGUs; • review of the correct calculation of the book value of the CGUs; • review of the sensitivity analysis aimed at understanding the effects on the impairment test when certain assumptions change; • analysis of the adequacy and compliance of the disclosure related to the impairment test.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of SOL S.p.A. has appointed us on May 12, 2016 as auditors of the Company for the years from December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of SOL S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of SOL S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of of SOL S.p.A. and its subsidiaries as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2021 and are prepared in accordance with the law.

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

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of SOL S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

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We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
April 19, 2022

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

Design
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