

FOPE GROUP Consolidated Financial Statement
as of December 31, 2022

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2022

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This document is a courtesy translation from Italian into English.

In case of any inconsistency between the two versions, the Italian original version shall prevail.



Dear Shareholders,

We would like to draw your attention to the consolidated financial statements as of December 31, 2022 of the Fope S.p.A. Group, which show a positive result of EUR 10,832,162. Net revenue amounted to EUR 62.16 million, increased by 54.22% compared to the financial year 2021. The 89.42% of revenue came from sales made on foreign markets.

The whole financial year 2022 has been marked by a positive sales trend in the markets where the Group operates. The numbers, which show change and growth compared to the financial year 2021, indicate this is not the result from a positions and sales volumes recovery due to the overcoming of restrictions imposed by COVID, but rather a phenomenon of affirmation in the markets, which were interrupted by the pandemic, and have now recovered.

Growth has affected all markets, including countries with tourist flows, and the collections presented at the beginning of the year, two of which were made with new links developed by the production technology departments, have been very successful for our dealers.

In pursuance of the fundamental strategy of market consolidation and supervision, Fope Deutschland GmbH, a wholly-owned subsidiary of Fope S.p.A., was founded in April 2022. The founding of the new company and the establishment of the resulting operating structure made it possible to revise the entire commercial organisation for the German market with a view to development. The headquarters offices, located in Mönchengladbach, have been operational since February 2023 and offer full support to dealers.

In order to establish the brand, the Group also engaged in marketing and communication activities in support of the distribution network in 2022. In line with the market presence strategies, new Shop in Shops (customised corners inside points of sale) were opened and other have been designed and planned to open in 2023. In 2022, two new single-brand boutiques were planned to open, which will be built and opened in 2023.

The Fope collections are made with a cycle of processes carried out entirely *in-house*. The production departments have been working with maximum efficiency; also due to the productivity gains achieved through process optimisation and the hiring of new members of staff, they have fulfilled the order volumes acquired in accordance with our quality of service levels for deliver and scheduled times.

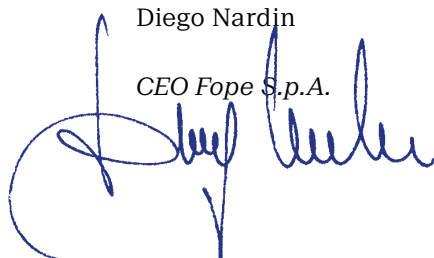
Ethics and sustainability issues are always a priority and focus for the Group, which continues, with sensitivity for each business activity, the process of improving its position. With reference in particular to environmental sustainability, we mention the Neutral Carbon Footprint project whose objective is CO₂ emission offsetting, and with reference to which we confirm that we have neutralised the CO₂ emissions produced in 2021, maintaining the same commitment also for 2022.

The important and positive results for the period have been achieved thanks to the professionalism, passion and the commitment of the Fope team. A sincere thanks for the work done and for sharing of our ideals and our development plan, which combines the strength of values consolidated over time with a strong innovative drive.

The Consolidated Financial Statements have been audited by the body responsible, BDO Italia S.p.A.

Diego Nardin

CEO Fope S.p.A.

A handwritten signature in blue ink, appearing to read 'Diego Nardin', with a large, stylized initial 'D'.

Fope S.p.A., the parent company, and the three subsidiaries operate in the jewellery sector as producer and distributors on the high-end own brand jewellery markets. Fope is an international brand that made about 89.42% of its turnover with sales on foreign markets in 2022. In addition to developing new product “*collections*”, the company is historically also focused on the innovation process, to efficiently combine its goldsmith tradition with the best industrial production techniques by making jewellery of elegant and sophisticated designs.

Its headquarters, offices and workshop are located in Vicenza, in one of the main Italian goldsmith districts, where the brand was created and developed.

FOPE is a certified member of the *Responsible Jewellery Council*, an International non-profit organisation that promotes responsible, ethical, social and environmental standards and practices in respect of human rights.

1929 - Umberto Cazzola opened the first handmade jewellery workshop in the city of Vicenza in Contrà Sant'Ambrogio, with the name Fabbrica Italiana Cinturini Metallici (FICM), specialising in the production of extendible metal watch straps.

1960 - Odino Cazzola founded the Fope brand giving the company a new impetus by focusing energy on the export of gold cases and bracelets for watches, whose customers included the greatest Swiss Houses of Haute Horlogerie.

1970 - His children, Ines and Umberto, assumed roles of responsibility in the company and reinvigorated the business development. Production was renewed, and precious jewels started to be created. During these years, the Novecento mesh was designed, which is still in production today, and went on to become a Fope jewellery classic.

1980 - The product range expanded over these years to meet the needs of an increasingly large and demanding clientele. New productive criteria were introduced in order to meet the rigorous quality standards in addition to the warranty and international certification of products.

1997 - The company transformed into a limited company under the name FOPE S.r.l.

2000 - Fope created important communication campaigns, redefining its commercial strategies abandoning distributors, and creating the direct relationship with the Jewellery market.

2007 - Launch on the market of the extendible Flex'it link designed by the company and covered by an international invention patent, made entirely from gold. The jewels created with this particular link become "*extendible*" thanks to microscopic gold springs inserted between each element of the link.

Fope's international vocation during these years was strongly pursued and sales volumes of foreign markets *overtook* the domestic market. The current Governance and Organisation arrangements were established.

2013 - Launch of the "A Tale of Beauty" communication project, based on the Italian character essence of the *brand*, with the actress Anna Valle as its Brand Ambassador.

2014 - Constitution of Fope Services Dmcc Dubai, a company under UAE law, which enabled the allocation of a commercial resource by FOPE dedicated to the development and direct support of the areas of greatest interest in the Gulf countries and South-East Asia.

2015 - Opening in November of the company's first single brand FOPE boutique, in Piazza San Marco in Venice. The Shareholders' Meeting decided on 15 December to transform FOPE S.r.l. into a limited liability company.

2016 - Fope S.p.A. listed on the AIM (Alternative Investment Market) market, now Euronext Growth Milan of the di Borsa Italiana (Italian Stock Exchange). On 30 November 2016, the first day of trading of the company's shares on the stock market.

2017 - Acquisition of a minority share equal to 20% in the company Milano 1919 S.r.l. owner of the Antonini jewellery brand. Antonini, a historical and known house of high-quality Italian jewellery, created and still based in Milan, produces and distributes prestigious collections of exquisitely and exclusively designed jewellery.

2018 - Founding of FOPE Jewellery Limited, a company incorporated under English law whose registered office is in Birmingham with a mandate from Fope S.p.A. to sell the brand's collections and provide operational support to distributors for the English language United Kingdom and Ireland market, which is one of the Group's main markets.

2019 - The new Fope Boutique in the prestigious Old Bond Street in London opened at the end of November. The purpose of the ambitious project was to transport the Fope brand to a location with international standing, such as London, to obtain a strong brand awareness effect for the British market, but even more for the international market.

2020 - As a consequence of the lockdown imposed by the health emergency due to Covid-19 the present company closed the headquarters from 14 March to 4 May 2020. During the closure period, production and shipment operations remained halted while administrative, sales and marketing tasks continued through remote work.

The Fope boutique in Kuala Lumpur in Malaysia officially opened at the end of 2020. The project was carried out in collaboration with our distributor in the city, with whom we have established partnership relations.

2021 - Opened the Fope showroom in April in a prestigious location in the city of Dubai. In July, Fope opened its creations up to men and launched a dedicated collection. The collection, characterised by the presence of Flex'it bracelets and the use of black diamonds, is aimed at a dynamic and confident man, who travels, loves comfort and practicality but also elegance.

2022 - Fope Deutschland GmbH incorporated as a wholly-owned subsidiary of Fope Spa. The new company and the establishment of the resulting operating structure made it possible to revise the entire commercial organisation for the German market with a view to development.

The business model is characterised by these elements, which constitute the company's strengths:

- collections of products designed and manufactured in-house, at the headquarters in Vicenza and exclusively sold under the FOPE brand;
- distribution handled by multi-brand jewellers (Fope S.p.A.'s clients) with medium-high positioning;
- direct sale to jewellery stores as clients (independent or group-owned) without intermediary agents nor external distributors (with the exception of the two subsidiaries owned by the group);
- high characterisation of the brand and design with strong recognisability;
- presence in international markets;
- particular attention to product and process innovation, with the use of patents for inventions developed by the parent company;
- direct protection of the entire production chain, from the processing of the raw material to the finish.

Fope S.p.A. leads the research and technological development, the *concept* and creation of new collections, production, logistics as well as the Group's commercial and marketing organisation. All company departments including production are integrated at the headquarters of Fope S.p.A.; this is a building built in 2000, extended in 2019, that combines space saving and efficient use with a modern architectural style and with a high aesthetic content. The absence of harmful emissions of the production department has enabled the headquarters to remain in the urban context of the city of Vicenza.

Fope USA Inc. whose headquarters is in Boca Raton (Miami), is a distributor of Fope S.p.A. for the American, Caribbean and South American market.

Fope S.p.A. – DMCC Branch, opened in October 2020 whose headquarters is in Dubai, takes care of the activity of assistance and Customer Service on behalf of the group's customers residing in Arab markets and in the South-East Asia area.

Fope Jewellery Ltd, headquartered in Solihull (UK), a 75% subsidiary of Fope S.p.A. with 25% capital owned by the company's three market development managers, is the parent company's distributor for the UK market.

Fope Deutschland GmbH, a German company founded in 2022 whose registered office is in Mönchengladbach (De), is a 100% subsidiary of Fope S.p.A. The participation as a result of the marginal impact on the Group's business for the financial year 2022 was not included in the consolidation scope, but will be included in the financial year 2023.

Fope S.p.A. holds 20% of the share capital of the company Milano 1919 S.r.l., the owner of the historic Antonini brand. Antonini, a historical and known house of high-quality Italian jewellery, created and still based in Milan, produces and distributes prestigious collections of exquisitely and exclusively designed jewellery. The Antonini brand is positioned as a niche brand, which expresses refined luxury, through the extreme craftsmanship that distinguishes all its creation.

The shareholding of Fope S.p.A. in Milano 1919 S.r.l. is not included in the consolidation scope.

MISSION

Since 1929, we have been using cutting-edge technologies and proprietary patents to transform gold into jewels that transcend passing trends. Italian roots have always inspired our style, a standard appreciated by those who interpret life with refined, subtle elegance. All the activities of the Company and its affiliates follow strict ethical and sustainability control criteria.

VISION

Inspire people who want to add a touch of discreet luxury to every experience in their lives.

VALUES

Vicenza pride

FOPE is an Italian brand. All jewellery is produced in Italy and the Vicenza office is the hub of all the Group's activities. From a creative point of view, the art and craftsmanship typical of Vicenza territory are a constant source of inspiration: which we proudly project to the rest of the world.

Family footprint

FOPE is first and foremost a family business. Umberto Cazzola opened his first goldsmith workshop in 1929 and several generations have taken turns over time. The original contribution of each generation led to the listing on the stock exchange, which was the natural evolution of a path of success that is been going on for almost a century and still continues.

Widespread innovation

A concept that at first glance might appear abstract, in FOPE it pervades every aspect of the business -starting with technology, that is the foundation of all production. Our high-quality jewellery often uses the Flex'it system, a patented invention of FOPE. Since the beginning even the tone of communication has always followed the same direction.

Original design

FOPE jewels are created in Vicenza from a virtuous encounter between creativity and technique. The iconic Novecento mesh, being our signature line, characterises each collection through a precise and consistent stylistic identity over time. In addition to brand recognition, the design ensures longevity and versatility for every piece of jewellery.

Entrepreneurial responsibility

FOPE's corporate and product policies are guided by the highest ethical values. The concept of entrepreneurial responsibility is a fundamental value shared by all generations of the owner family. Even more so now that FOPE is moving into the global luxury landscape, it pays the utmost attention to issues such as sustainability,

efficiency and respect, carefully considering the economic, environmental and social impact of each of its activities.

Understated elegance

The FOPE collections are designed and built for everyday wear. Along with the intrinsic beauty of each piece, comfort is a key element of FOPE jewellery. Through stylistic choices and communication, the brand promotes an idea of discreet elegance that each individual is invited to express through their own uniqueness.

Ethical values

FOPE conducts its business based on standards of ethics, integrity, efficiency and respect. It encourages all staff and associates to adopt positive behaviour, to constantly improve product quality and to appreciate each person individually and as part of a team.

The Company sees Italian legislation as a fundamental starting point and is committed to be and remain compliant to it as well as to all the international rules applicable to its field of action. Furthermore, it ensures, in all its actions, respect of the Universal Declaration of Human Rights.

The activities carried out by Fope are based on:

- respect for employees, partners, customers and suppliers, in the perspective of a shared work ethic;
- the safety of the working environment and the health of those who work in it;
- the sense of social responsibility that comes directly from the role of entrepreneur;
- the commitment to adopt production methods which, according to the type of production, aim for as much sustainability as possible.

FOPE rejects any form of discrimination, child labour and forced labour and encourages anyone who deals with the company to adopt the same principles and promotes good practices of behaviour to its employees and associates in all areas of action.

In 2020, the company formally adopted its Code of Ethics, considered a pillar of fundamental importance for the development of an increasingly responsible, transparent management model based on the creation of shared value for all stakeholders. This document defines the set of values that the company recognises, shares and promotes, in the awareness that conduct inspired by the principles of integrity and responsibility is an important driver for the economic and social development of the individual organisations and communities in which they operate.

The Code of Ethics is also available in English on the company's websites *www.fope.com* e *www.fopegroup.com*. These online pages also indicate the email address any Fope stakeholder can refer to in order to report their suggestions or observations to the company about the occurrence of behaviour that violate the principles set out in the Code.

The adoption of the Code has been shared with external stakeholders through an official email communication sent to all of the company's customers and suppliers. These stakeholders have been invited to sign the values, principles and rules of conduct outlined in the document.

Lastly, the company has an elective Ethics Committee in charge of looking after and managing any complaints, reports of unease or suggestions by its employees. The Committee can be consulted by giving your name or anonymously and can be involved as a whole, or through the involvement of one member at a time. The objective of the Ethics Committee, which comprises three members, is the guarantee of a space in which workers are listened to without prejudice and obtain the tools to tackle situations of unease experienced or perceived.

Since 2013, the company has been a certified member of the Responsible Jewellery Council (RJC), an international non-profit organisation that promotes responsible, ethical, social and environmental standards and practices in respect of human rights in the entire chain in the diamonds, goldsmithing and platinoids sector, from mining to retail trade. Many of Fope's main suppliers have in their turn been awarded this certification. The RJC certificate remains valid for a period of three years and to renew it an audit process.

The process of expansion and extension of the business pursued by the Group is based on a solid corporate governance model that regulates all decision-making processes and the measurement of business performance, in full respect of the interests of stakeholders.

The management model adopted is a traditional one and includes the presence of a Board of Directors, with management functions, and a Board of Statutory Auditors, with control functions over management. Both bodies are appointed through the Shareholders' Meeting.

The high degree of diversity expressed by the Board of Directors of Fope in terms of gender and skills ensures high levels of effectiveness and efficiency in the Group's management. Company presidency lies with the Cazzola family, the founder and majority shareholder. Of the 5 members of the Board of Directors, 4 perform an executive role, while 1 is an independent director. The almost equal presence of men and women on the Board of Directors represents a figure in line with the recommendations reported in the new Code of Corporate Governance of the *Borsa Italiana*, according to which at least one third of the Board of Directors should consist of members of the less represented gender. With the Organisation, Management and Control Model adopted pursuant to Legislative Decree 231/2001 (MOG 231) the Supervisory Body has been appointed and is operational.

Composition of governing bodies by gender	2022			2021			2020		
	W	M	TOTAL	W	M	TOTAL	W	M	TOTAL
Board of Directors	2	3	5	2	3	5	2	3	5
Board of Statutory Auditors	1	2	3	1	2	3	1	2	3
Supervisory Board	1	0	1	1	0	1			
Total	4	5	9	4	5	9	3	5	8
Percentage	44.44%	55.56%	100.00%	44.44%	55.56%	100.00%	37.50%	62.50%	100.00%

ADOPTION OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

In April 2021, Fope adopted an Organisation and Management Model pursuant to Legislative Decree No. 231/2001¹, an essential tool for protecting entities and companies from their employees and directors committing the crimes mentioned in the Decree.

MOG 231 has been formalised following a mapping of the company's processes, in order to identify the areas most at risk within the organisation and includes all the rules and procedures aimed at preventing the offences included in the law from being committed. There are many offences involved in regards to the correct business activities operations and competitive practices, the respect for environmental regulations, but also for people and workers' rights.

Ad hoc audits are conducted periodically by a third party to ensure these procedures are respected by all employees and directors and that the company operates in

¹ The Model 231 adopted can be consulted on Fope's website at the following address: <https://fopegroup.com/governance/modello-231/>

a context of full legality. During the reporting period, no corruption or other incidents related to the offences included in MOG 231 were recorded. Similarly, there is no legal action being taken against the company in the context of anti-competitive behaviour, antitrust breaches, related monopolistic practices or breaches of human and/or workers' rights.

In the context of spreading the Fope organisational model, as well as accountability and training for the prevention of corruption and money laundering, three training meetings were held for all 65 employees.

The keys to success that have identified the strategic line pursued by the Fope Group in recent years, in order to grow and consolidate its position on the markets, are due to specific elements:

- Product
 - excellent quality, design and innovation of the collections offered;
 - strong brand characterisation - the Fope jewel has a highly detectable design line;
 - made in Italy (made in Fope).
- Service
 - support to the distributor for end customer satisfaction;
 - order/commercial policies management;
 - training sales team at distributors site.
- Partnership with Jewelleries
 - involvement of the distributor in marketing initiatives (campaigns in support of the point of sale - special events);
 - involvement of the distributor in events at Fope's headquarters to transfer the Company values.
- Markets
 - Investment and marketing initiatives focus on markets that already have a significant presence: America and Europe, in particular, Germany and the United Kingdom.

The results recorded, which show a significant growth in sales volume in 2022, represent a valid indicator for expressing a positive opinion on the strategies pursued.

Actions on key levers of success that have supported growth are long-term phenomena that act with increasingly positive effects on the perception of the brand by the market and self-feed development.

SUSTAINABILITY STRATEGIES

Sustainability, understood in its broadest sense (i.e. including environmental, social and governance aspects), plays a central role in the strategic guidelines implemented by Fope. Through a careful integration of ESG factors in the business model, the Organisation is able to develop technological, managerial and operational solutions such as:

- maximising the efficiency of business processes and activities, with clear benefits linked to strengthening its competitiveness in markets;
- actively contributing to the sustainable development of its business from an environmental, economic and social point of view.

In recent years, the objective of transparency with respect to its own operations, has meant that Fope is committed to a process of reporting its position and initiatives linked to social responsibility. In fact, since 2017, Fope's consolidated financial statements have included a chapter entitled "Sustainability report", which is drafted taking international guidelines into consideration and is updated annually in order to demonstrate the projects implemented in the context of corporate social responsibility and the results achieved by these activities.

With the financial year 2022, the Sustainability Report becomes a stand-alone file drawn up and published independently of the Financial Statements file.

Already in 2019, this commitment to transparency and the increasing integration of environmental, social and governance factors (often called "ESG factors") in the strategies and business processes earned the group the attainment of the AIM ESG award, awarded to it by IR TOP Consulting² and by the Department of International Trade (DIT) of the United Kingdom during the AIM Awards ceremony, the awards ceremony for SMEs listed on the AIM segment (now Euronext Growth Milan - EGM) of the *Borsa Italiana* (Italian Stock Exchange).

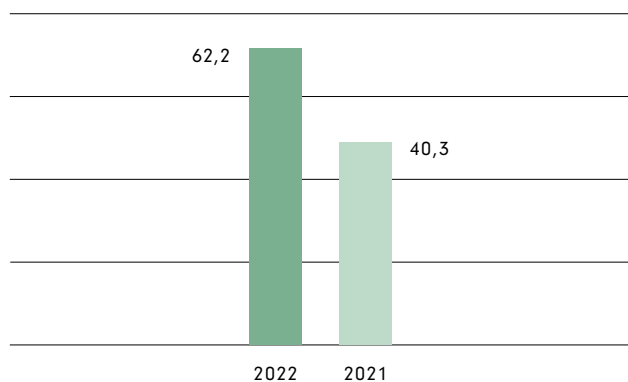
In 2021, the company also achieved the ESGe rating of the Cerved Rating Agency with a score of BBB ("*High ESGe Risk Management Capability*"). The analysis of the sustainability information carried out on the data reported for 2020 by the rating agency revealed a higher than average score for Fope with reference to the "Accessories" cluster. In particular, it rewards efforts to reduce its environmental impacts and initiatives to mitigate risks related to corporate governance implemented over the years.

2 The leading company in Italy for management consultancy in the areas of Capital Markets and Investor Relations <https://www.irtop.com/>).

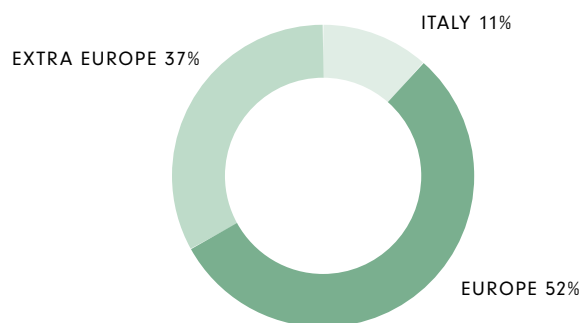
The following table shows a summary of the values of the Group's Consolidated Financial Statements compared to the values of the previous year. The amounts are expressed in millions of euros.

	2022 (DECEMBER 31 ST)		2021 (DECEMBER 31 ST)		2022 VS 2021	
Net Revenue	62,16	100,0%	40,31	100,0%	21,85	54,2%
Operating Costs	(46,33)		(31,52)		(14,81)	
EBITDA	15,83	25,5%	8,79	21,8%	7,04	80,2%
Depr. & Amortization	(1,92)		(2,01)		0,09	
EBIT	13,91	22,4%	6,78	16,8%	7,13	105,2%
Financial Incoms / (Costs)	(0,75)		0,05)		(0,80)	
Earning Before Tax	13,16	21,2%	6,83	16,9%	6,33	92,7%
Tax	(2,33)		(1,80)		(0,53)	
Net Income	10,83	17,4%	5,03	12,5%	5,80	115,4%
Asset	14,15		12,76		1,39	10,9%
Working Capital	20,72		13,96		6,76	48,4%
Funds	(2,74)		(2,76)		0,02	-0,7%
Net Invested Capital	32,14		23,97		8,17	34,1%
Equity	33,64		25,84		7,80	30,2%
Net Debt / (Cash)	(1,50)		(1,88)		0,37	-20,0%

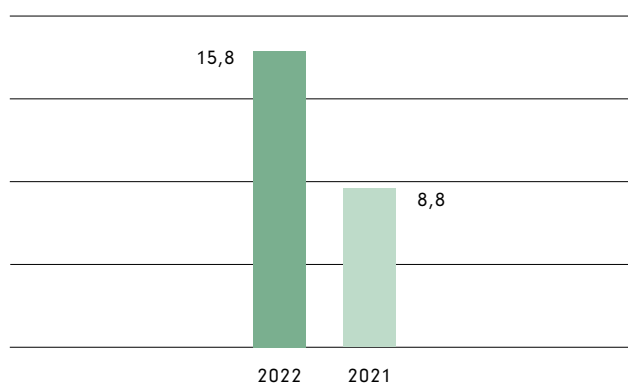
NET REVENUE



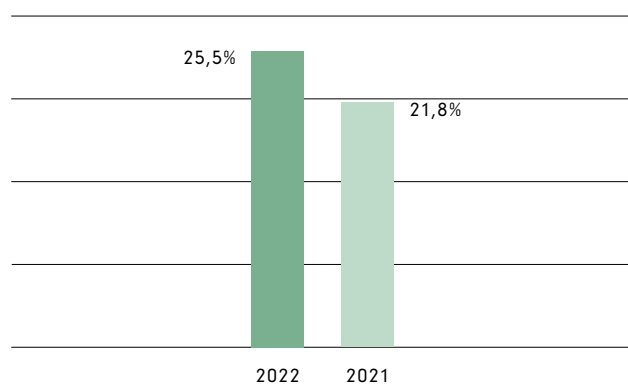
SALES



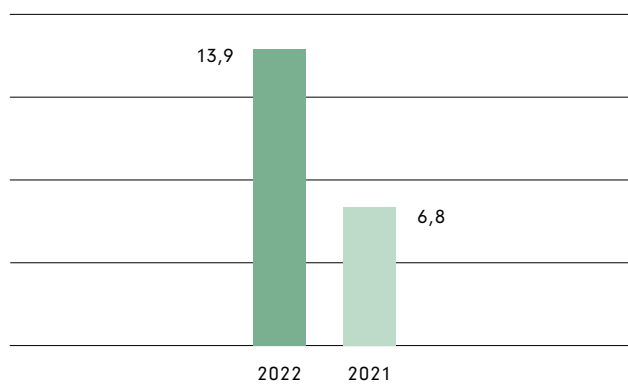
EBITDA



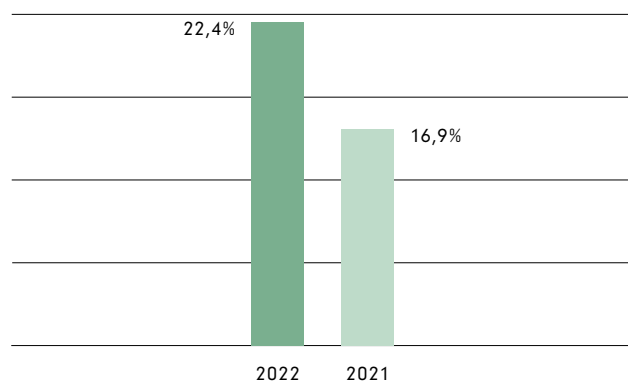
EBITDA MARGIN



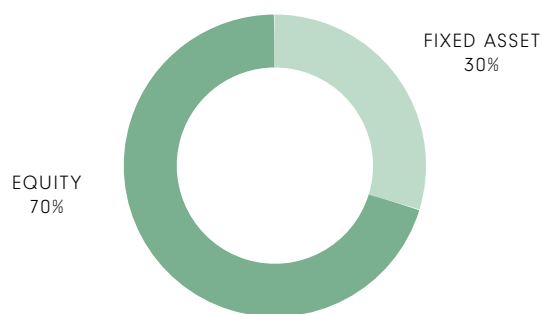
EBIT



EBIT MARGIN



2022



2022



The Equity minus fixed assets index (Fixed Assets on Equity) expresses a high level of capitalisation and resources to plan further investment plans.

Similarly the Fixed asset to equity capital and medium-long term debt margin (Fixed Assets on Equity + M/L debt) expresses a very extensive level of hedging.

The following table shows the highlights of the 3 companies that comprise the Group, the values are expressed in millions of euros.

	FOPE SPA	FOPE USA INC	FOPE JEWELLERY LTD
	2022 (DECEMBER 31 ST)	2022 (DECEMBER 31 ST)	2022 (DECEMBER 31 ST)
Net Revenue	57,73	13,31	10,71
Operating Costs	(42,69)	(12,71)	(10,23)
EBITDA	15,04	0,60	0,48
Depr. & Amortization	(1,82)	(0,06)	(0,04)
EBIT	13,22	0,53	0,44
Financial Incoms / (Costs)	(0,80)	(0,00)	0,00
Earning Before Tax	12,42	0,53	0,44
Tax	(2,14)	(0,15)	(0,07)
Net Income	10,28	0,38	0,37
Asset	13,63	0,39	0,18
Working Capital	23,03	(0,60)	(0,88)
Funds	(2,52)	0,00	0,00
Net Invested Capital	34,14	(0,21)	(0,70)
Equity	33,21	0,87	0,66
Net Debt / (Cash)	(0,93)	(1,07)	(1,36)
Exchange rate		USD/EUR	GBP/EUR
To 31/12/2022		1,067	0,887
Average by year		1,053	0,853



12 13

BOSELLI Milano
made in Italy

FOPE DEUTSCHLAND GMBH INCORPORATION

The founding of the new company, 100% owned by Fope S.p.A., called Fope Deutschland GmbH headquartered in Germany is an action that refers to the strategy pursued in recent years by the Group to have a direct commercial presence in the main markets and has already had very positive feedback with the experiences of the American and English subsidiaries.

The German market, as a result of the volumes of sales developed and the size of the concession-holders network, has reached the maturity necessary to have a Fope office that follows and supports in the territory the consolidation of partnerships with customers and marks a new development and growth phase. The project to open the new branch brought the review of the commercial organisational structure present in the German territory, with the hiring of new staff and Fope Deutschland fully operativity since February 2023.

IMPACT ON MANAGING THE COVID-19 HEALTH EMERGENCY AND RUSSIA-UKRAINE CONFLICT

The Group operates by producing and distributing its own jewellery collections to shops that sell the FOPE brand, revenue is generated by sales, which during the year are made in the concession-holding shop, which in turn it sells to the end customer.

The negative effect of the Covid-19 health emergency on the sector in which the group operates was the substantial halt of sales of jewellery by shops to end customers, in the lockdown period and subsequent stages of restrictions on movement, which consequently caused a halt or decline in purchase orders of collections from Fope to restock products.

As recorded, the value of revenue for 2022, amounting to EUR 62.16 million, with an increase amounting to 54.22% compared to the previous year, indicates that the negative impact on the group generated on the markets by the effect of the Covid-19 pandemic can be considered largely overcome. The effects of the pandemic can be considered as no longer affecting the group's business. The sales volumes and orders collected in the first few months of 2023 confirm these positive indications.

On 24 February 2022, the Russia-Ukraine conflict broke out, leading to a series of sanctions against Russia. Such sanctions will inevitably have effects on the global economy. At present, Fope's business is not suffering the direct effects of these sanctions because the company does not operate on the Russian market, has no Russian, Belarusian or Ukrainian customers, nor are there any Russian, Belarusian or Ukrainian suppliers in its supply chain. Furthermore, it should be noted that in the shareholding structure of Fope S.p.A. and its subsidiaries there are no direct links with Russian, Belarusian or Ukrainian companies or even with natural persons who have nationality and/or residence in Russia, Belarus or Ukraine. Since the Group does

not operate with the Russian and Ukrainian markets, estimates for the financial year 2023 do not include sales assumptions in these markets. While not being able to resolve all the reservations with respect to a potential indirect negative effect on the Group's business, caused by a general deterioration of the economy in the Eurozone, due to the deepening and continuation of the conflict, there are no direct phenomena at the moment that could influence a positive development of the Group's activities and business for the current year.

It should be noted that according to OIC 29 this event has been treated as a subsequent event which does not alter the financial statements.

Below is an assessment of the impacts with respect to

- the economic and financial situation
- the development strategies and key markets.

ECONOMIC AND FINANCIAL IMPACT

The volume of orders collected in the first few months of 2023 confirm the forecast of a positive performance for the year, with adequate profit margins.

Customer receipts during 2022 were not critical and good turnover ratios were maintained. The net financial position recorded at the end of the year, cash positive amounting to EUR 1.50 million, indicated the Group's ability to generate positive cash flows net of commitments under the investment plan carried out and the repayment of loans plan. Moreover, for 2023 too, there is no evidence that, in relation to ongoing geopolitical tensions, treasury management could be adversely affected.

DEVELOPMENT STRATEGIES AND KEY MARKETS

The results recorded, which show an increase in sales volume in last year represent a valid indicator to express a positive opinion on the Company's business model and that of the Group and on the strategies pursued to date, respectively described in the subsequent paragraphs of the report on operations. Actions on key levers of success that have supported growth are long-term phenomena that act with increasingly positive effects on the perception of the brand by the market and self-feed the Company's and the Group's development. The experience gained from handling the health emergency and the consequent assessments of the behaviour of the markets and of the sector in which the group operates, have confirmed the validity of the strategies pursued, which do not need revising and will be the guideline for the group's actions to be implemented in order to overcome the passing phase and continue to develop in the coming years.

PROJECT TO OPEN FOPE SINGLE-BRAND BOUTIQUES IN TOKYO

Work has begun on the construction of the Ginza Fope Boutique in Tokyo, which is scheduled to open in June 2023. The ambitious project aims to bring the Fope brand to another location of international standing, like London, through its own boutique, in order to achieve a high brand awareness effect also in the Japanese market, on which the Group continues its commercial development and marketing activities aimed at increasing its presence in the country. The project was carried out in partnership with a major jewellery group in Tokyo.

Fope S.p.A. has intervened to financially support part of the investment required for the construction of the boutique, the design of which was carried out by the Italian architect Flavio Albanese of ASA, who interpreted and combined the general rules for Fope's image with the elegance of the Japanese style.

The operational management of the boutique and the related costs, as well as all the customer reception services, are entrusted to and the responsibility of the local partner.

BOARD OF DIRECTORS

Umberto Cazzola	Chairman
Ines Cazzola	Vice - Chairwoman
Elisa Teatini	Director
Davide Angelo Francesco Molteni	Indipendent Director
Diego Nardin	CEO

BOARD OF STATUTORY AUDITORS

Marina Barbieri	Chairman
Cesare Rizzo	Statutory Auditor
Silvio Cesare Rizzini Bisinelli	Statutory Auditor

AUDITING COMPANY

BDO Italia S.p.A.

SUPERVISORY BOARD

Stefania Centorbi

LISTED SHARES:

Ordinary shares FPE ISIN Code IT0005203424 FOPE S.P.A.

ANALYSIS OF THE MAIN ECONOMIC DATA

The Group's reclassified Consolidated Income Statement compared with the previous year is as follow (in euros):

Financial Statements as at	31/12/2022	31/12/2021	VARIATION
Revenue	62,161,398	40,306,787	21,854,611
Other revenue and income	590,183	401,613	188,570
External costs	42,345,010	28,184,292	14,160,718
Added value	20,406,571	12,524,107	7,882,464
Personnel costs	4,576,359	3,736,898	839,461
EBITDA	15,830,212	8,787,209	7,043,003
Depreciation and amortisation	1,919,114	2,006,714	(87,600)
EBIT	13,911,098	6,780,495	7,130,603
Financial income and charges	(753,462)	49,300	(802,762)
Pre-tax profit	13,157,636	6,829,795	6,327,841
Earnings before Tax	2,325,474	1,800,240	525,234
Net profit	10,832,162	5,029,555	5,802,607

SALES REVENUE

The commercial results for 2022 were positive, revenues for net sales amounted to EUR 62.16 million with an increase compared to the values of the previous period of EUR 21.85 million, equal to 54.22%.

Sales relate to the Fope jewellery collections, made in-house as known exclusively with the Fope brand and distributed in the multi-brand, customer and distributor brand shops. In addition to this business model, from 2015, the sales made at the boutique in Venice, which in this case directly see the end consumer as a customer and the sales, always to the end consumer via the parent company's website. The Fope collections are also present in the single-brand boutiques in London and Kuala Lumpur. The boutique in Venice is managed directly by the Parent Company and the boutique in London in collaboration with a large English concession-holder.

The new collections presented in 2022, directly to the shops from the distribution network, enjoyed excellent results and the timeless pieces and collections that have been present on the market for several years continue to be very popular.

The multi-brand distributor shops, largely medium-high level, are present on the international market and about 89.42% of total turnover in 2022 was recorded in foreign countries.

OPERATING COSTS

The operating costs, excluding labour costs, increased over the financial year 50.24% compared to the previous year, comprises elements of industrial costs variable and proportional to the sales volume, on which it recorded a margin in line with the forecast values, the operating costs of the structure that have not undergone significant changes compared to that recorded in the previous year.

No costs of an extraordinary nature with respect to current operations were recorded in the financial year.

The marketing and communication initiatives plan has been completely paid for in the year and has seen 2022 a greater economic commitment than the previous year to support the various activities carried out and functional for commercial development. The costs for marketing initiatives include costs for participating in international trade fairs, communication programmes in the press and online and marketing initiatives and events carried out directly in collaboration with the distributor jewellers.

During 2022, the communication activity was given an important boost via social media channels.

The international exhibitions that Fope participates in are two editions in VicenzaOro, which resulted in 2022 in growth for the business volume generated, the Centurion event in Arizona and the Las Vegas trade fair. It should be recalled that during trade fairs Fope presents collections but above all it collects sales orders.

The costs for the purchase of raw materials and other consumer goods, in line with the forecasts, produced the expected margins. Gold is purchased with forward hedging operations in order to stabilise the average cost. The costs for managing the sales network, agents' commission and the Group's commercial companies, have increased, but in proportion to sales growth.

The Fope working team increased compared to last year, the increase in the cost of 22.46% is mainly attributable to the entry of new resources.

According to the Group's operating model, it should be recalled that the distributing companies that deal with marketing the collections compete on commercial cost and specific marketing activities, besides labour costs, while the operating costs of the product production and distribution cycle, for areas not managed by subsidiaries and other support functions, are borne by the parent company.

DEPRECIATION AND OTHER PROVISIONS

The share of depreciation amounts charged to the financial year grew by -4.37% compared to the value in 2021, this includes the investments made in the year and previously.

Provisions for the Severance Pay Fund, as well as the provision to the Severance Pay Fund for Agents, have been calculated in accordance with the statutory provisions.

The operating profit of EUR 10.83 million is up on the previous year, which amounted to EUR 5.80 million. The positive change is due to the increase in turnover volumes and margins on sales which were in line with expectations.

It should be noted that the parent company benefited from a tax saving resulting from the *Decreto Rilancio* (Relaunch Decree), which provided for a tax credit of 30% of the value of the final inventories for companies active in the textile and fashion, footwear and leather goods industries, exceeding the average of the same value over the three years prior to the benefit. The benefit will not apply in the following financial year 2023.

The Operating Margin before amortisation (EBITDA) amounted to EUR 15.83 million has grown in absolute value by EUR 7.04 million compared to the value recorded in 2021, similarly, EBIT improved and amounted to the value of EUR 13.91 million.

ANALYSIS OF THE MAIN BALANCE SHEET AND FINANCIAL DATA

MAIN BALANCE SHEET DATA

The Group's reclassified Balance Sheet compared with the previous year is as follows (in euros):

RECLASSIFIED BALANCE SHEET	31/12/2022	31/12/2021	VARIATION
Net intangible fixed assets	3,041,035	3,107,913	(66,878)
Net tangible fixed assets	9,974,191	9,568,104	406,087
Holdings/equity and other financial fixed assets	1,138,729	88,071	1,050,658
Non-current assets	14,153,955	12,764,088	1,389,867
Warehouse stock	13,922,637	10,308,809	3,613,828
Trade receivables	12,361,591	9,324,585	3,037,006
Current receivables	3,097,071	1,301,646	1,795,425
Cash flow hedging op. cr. position	132,082	794,993	(662,911)
Short-term assets for the year	29,513,381	21,730,033	7,783,348
Trade payables	4,688,627	4,457,257	231,370
Current liabilities	4,102,494	3,313,533	788,961
Short-term liabilities for the year	8,791,121	7,770,789	1,020,332
Net working capital	20,722,260	13,959,243	6,763,017
Severance pay fund	(1,186,417)	(1,006,788)	(179,629)
End-of-mandate indemnity fund and other funds	(1,076,534)	(1,727,961)	651,427
Expected cash flow hedging op. fund	(473,647)	(21,931)	(451,716)
Provisions for risks and non-current charges	(2,736,598)	(2,756,680)	20,082
Total assets	32,139,617	23,966,651	8,172,966
Share capital and equity reserve	(33,805,375)	(25,285,252)	(8,520,123)
Expected cash flow hedging op. reserve	164,769	(556,610)	721,379
Shareholders' equity	(33,640,606)	(25,841,862)	(7,798,744)
Medium to long-term financial position	(4,997,325)	(5,002,537)	5,212
Short-term financial position	6,498,315	6,877,748	(379,433)
Net financial position	1,500,990	1,875,211	(374,221)
Equity and net financial position	32,139,616	23,966,651	8,172,965

FIXED ASSETS

Investments in tangible and intangible fixed assets made during the year, amounting to EUR 2.62 million, relate in particular to the technological devices and equipment used in the production process and goods in support of the commercial activity. Among the investments of a commercial nature, there was the creation of SiS (personalised FOPE furniture corners inside distributor shops) and the Fope space at the customer's premises in Dubai. Fixed assets include the progress of the project to implement the new information system started in 2021. The system start-up plan includes several release steps of the technological platform throughout 2022 and 2023. The first step was successfully completed at the beginning of January 2022, the last step is expected at the end of 2023.

TRADE RECEIVABLES AND PAYABLES

The credit exposure to customers did not change in the deferment ratios compared to the 2021 financial year and also compared to the pre-Covid-19 financial years. The increase in the balance compared to the previous year is proportional and due to the growth in sales volumes.

For suppliers, the payment policies have not changed and the balances shown as of 31 December are due to some payments expected and made at the beginning of 2023.

In the heading "Cr. of derivative financial instruments" of the reclassified statement, is entered under the heading "Cash flow hedging op. cr. position" and its liabilities position under the heading "Cash flow hedging operations fund".

WAREHOUSE STOCK

The growth in the value of warehouse stock amounting to EUR 3.61 million (+35.06%) is attributable to greater availability, compared to the year-end 2021, of the raw material gold and diamonds. The stock of finished products and semi-finished products on 31 December required to deliver orders scheduled for early 2023 has increased slightly. It is recalled that the production only works on ordered and not on stock.

AMOUNTS OWED TO CREDIT INSTITUTIONS AND FINANCIAL POSITION

During the year, two loans totalling EUR 4 million were accessed, replacing similar positions that had been exhausted and aimed at optimising cash costs and investment in gold stock.

The net financial position, cash positive for EUR 1.50 million, shows a considerable improvement compared to the position at 31 December 2021, when it amounted to EUR 1.88 million.

The individual flow entries are recorded and commented on in the Statement of Cash Flows, presented on page 25.

During the financial year, dividends of 2,429,824 were distributed, and the remaining profit was allocated to equity reserves.

In the transposition of the new accounting standard OIC 32 (December 2016) the effects recorded at 31 December 2022 for hedging operations of asset financial flows have been entered under the Balance Sheet headings. Specifically for the Parent Company, it exclusively concerns hedging operations aimed at stabilising the purchase price of gold or stabilising the exchange rates of currencies.

The effects calculated of the operations have been entered in the asset components if with a positive effect and in the liabilities components if with a negative effect and recorded as a balance in the “Cash flow hedging operation” reserve.

Fope S.p.A. at 31 December 2022 does not hold any treasury shares and therefore no specific Equity reducing entry has been entered under liabilities pursuant to and for the effects referred to in Article 2357-ter of the Civil Code.

CASH FLOWS

Summary consolidated cash flow statement as of 31 December 2022 (in euros):

	31/12/2022	31/12/2021	VARIATION
Profit for the year	10,832,162	5,029,555	5,802,607
Portion of amortisation	1,919,114	2,006,715	(87,601)
Change in severance pay and end-of-mandate indemnity funds	(336,624)	55,577	(392,201)
Gross self-financing	12,414,652	7,091,847	5,322,805
Change in trade receivables	(3,039,977)	(3,713,894)	673,917
Change in other short-term receivables	(1,953,904)	(344,788)	(1,609,116)
Change in inventories	(3,613,828)	(1,882,426)	(1,731,402)
Change in short-term payables	888,129	4,669,794	(3,781,665)
Changes in net working capital	(7,719,580)	(1,271,314)	(6,448,266)
Cash flow generated by operations	4,695,072	5,820,533	(1,125,461)
Change tangible and intangible fixed assets	(2,258,323)	(1,040,204)	(1,218,119)
Change financial fixed assets	(892,180)	(22,543)	(869,637)
M/L term financing reimbursement	(4,356,236)	(3,784,980)	(571,256)
Uses of financing	(7,506,739)	(4,847,727)	(2,659,012)
Financing acquisition	4,000,000	2,000,000	2,000,000
Convertible bonds issue		(206,400)	206,400
Changes shareholders'equity reserve	(2,312,039)	(267,723)	(2,044,316)
Sources of financing	1,687,961	1,525,877	162,084
Cha. expected cash flow hedging op. cr. pos.	662,911	(375,061)	1,037,972
Cha. expected cash flow hedging op. fund	451,716	(330,590)	782,306
Cha. expected cash flow hedging op. reserve	(721,379)	506,276	(1,227,655)
Cha. expected cash flow hedging op. positions	393,248	(199,375)	592,623
Net cash flow	(730,458)	2,299,308	(3,029,766)
Net position banking relationships as at 31/12/2018	10,503,771		10,503,771
Net position banking relationships as at 31/12/2017	11,234,228	11,234,228	
Net position banking relationships as at 31/12/2016		8,934,920	(8,934,920)
Change net financial position	(730,457)	2,299,308	(3,029,765)

Self-financing generated by economic results and the careful working capital management have produced a positive net cash flow amounting to EUR 730,458, which permitted cash flow management without putting pressure on liquidity needs.

Self-financing and the budget generated by the activation of new M/L term loans have allowed the financial commitments required to finance the investments plan, in addition to guarantying a regular repayment plan to extinguish the existing loans.

ANALYSIS OF THE FINANCIAL POSITION

The net financial position as of 31 December 2022, and at the end of the previous financial year was as follows (in euros):

	31/12/2022	31/12/2021	CHANGE DURING THE YEAR
NET position short Bank reports and cash values	11,503,771	11,984,227	(480,456)
Short-term financial position	(5,005,456)	(5,106,480)	101,024
Net short-term financial position	6,498,315	6,877,747	(379,432)
Convertible bond (POC)			
Medium to long-term financial position	(4,997,325)	(5,002,537)	5,212
Net financial position	1,500,990	1,875,210	(374,220)

During the financial year new loans, amounting to EUR 4.00 million, were activated and existing loans, amounting to EUR 4.36 million, repaid.

RELATIONSHIP BETWEEN THE SUBSIDIARIES

Throughout the fiscal year the parent company, Fope S.p.A., maintained the following relationships with its subsidiaries (in euros):

- Fope Usa Inc
- Fope Jewellery Ltd
- Fope Deutschland GmbH

Company	CREDITS	DEBTS	REVENUES	COSTS
Fope Usa Inc	3,840,581	94,027	9,873,777	831,343
Fope Jewellery Ltd	4,996,660	5,922	8,312,738	105,581
Fope Deutschland GmbH	120,208			181,992

Such relationships, which do not include any atypical and/or unusual transactions, are regulated by standard market conditions.

STAFF

The staff who work in the Group's subsidiaries as of 31 December 2022 includes a total of 76 people: 38 women and 38 men. There were no injuries during the year.

ENVIRONMENT

The Group carries out its activities in compliance with the provisions on environmental protection. During the year, compliance activities monitoring the standards on gaseous and liquid emissions were regularly tracked by external contracted companies, and always testing negative. The Sustainability Report, which was issued in the name of the Parent Company, Fope S.p.A., was drafted for the sixth consecutive year.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the financial year 2022, the parent company continued with its research and development activities and directed its efforts on projects that we consider particularly innovative, which are listed below:

1. Study, design and experimental development of new product lines and types of meshes for jewellery and new collections development:

- Essentials collection expansion;
- Linea Uomo (men's line) collection expansion;
- Panorama You collection expansion;
- Solo collection expansion;
- Flex'it bracelet collection must-have expansion.

2. Activities related to the protection and preservation of intellectual property

The projects were carried out at the parent Company's headquarters. For the development of the above mentioned projects, the company incurred costs equal to EUR 622,199, for which it will obtain a tax credit (ref. tax credit for research, development, technological innovation, design and aesthetic ideation activities as per Art. 1, paragraphs 198 - 209 of Law no. 160 of 27 December 2019). We trust that the successful outcome of these activities will generate a competitive strengthening of the Company and the Group with favourable economic consequences.

The research activities are continuing in the financial year 2023.

The Group did not consider it appropriate to capitalise the costs related to the above research and development activities, spending them entirely in the year they were incurred.

INFORMATION RELATING TO RISKS AND UNCERTAINTIES PURSUANT TO ART. 2428, SECTION 2, IN PARAGRAPH 6-BIS, OF THE CIVIL CODE

In accordance with Art. 2428, Section 2, in paragraph 6-Bis of the Civil Code information is provided below regarding the use of financial instruments, as relevant for the purposes of assessing the income and financial situation.

More precisely, the objectives of company management, policies and criteria used to measure, monitor and control the financial risks are the following:

- Financial budget to stabilise the purchase price of raw materials;
- Financial budget to prevent exchange rate risk for Dollar and Sterling countries;
- Financial budget to prevent the interest rate risk on medium-term funding.

CREDIT RISK

The receivables balance can guarantee the coverage for a potential credit risk.

In regards to liquidity risk, it is determined that:

- the activities of the Group's subsidiaries are not related to a liquid market and nor are they readily marketable to meet the need for liquidity;
- there are instruments of indebtedness or other lines of credit to meet liquidity needs (borrowing via an overdraft and borrowing via disposal of trade receivables to banks);
- the parent company's activities are not related to a liquid market; however, they generate cash flow (capital or interest) that will be available in the event liquidity is needed;
- the parent company has deposits by credit institutions to meet its liquidity needs;
- the main sources of financing, excluding short-term bank exposure are: M/L term loans with banks.

POLICIES RELATED TO THE VARIOUS HEDGING ACTIVITIES

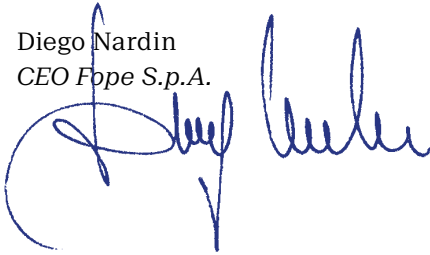
The Group operates in the jewellery sector and a significant risk class applies to the volatility of valuations on the international gold market, used as a raw material, and to the purchase price.

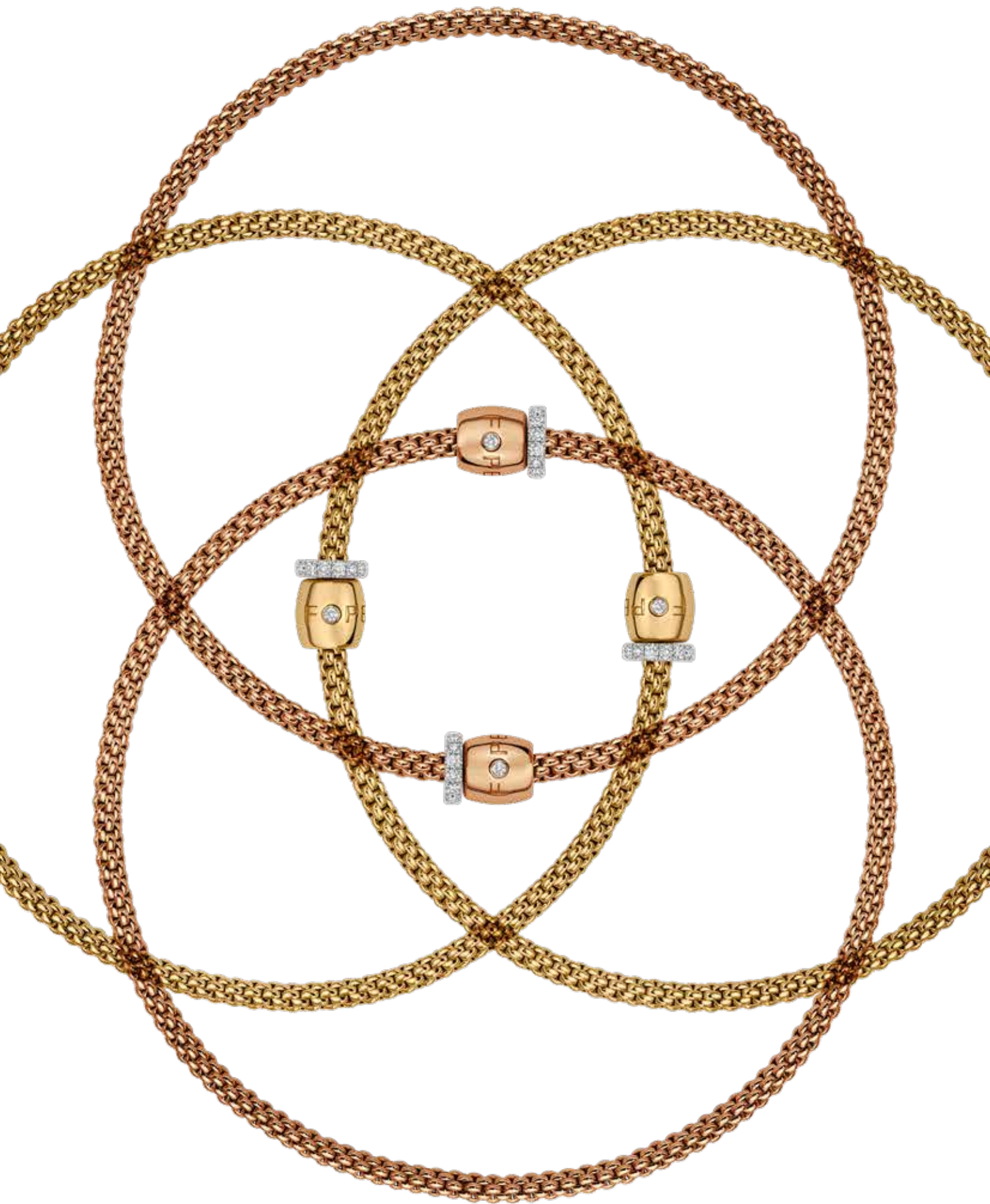
In order to stabilise the purchase price, the parent company fixes the end price with financial hedging operations. The operations, which do not last more than 24 months, are carried out in rotation for a share of the estimated total requirement.

In addition to what has already been explained in detail in the previous paragraphs of this report, it is noted that on the basis of the forecast data for the financial year 2023, an increase in sales volume and a positive economic result are estimated.

The results of the first few months of 2023 confirmed these predictions, and, consequently, the above mentioned expectations.

Diego Nardin
CEO Fope S.p.A.

A handwritten signature in blue ink, appearing to read 'Diego Nardin', is positioned below the printed name and title.



CONSOLIDATED FINANCIAL STATEMENTS FOR F.Y. 2022

BALANCE SHEET

PROFIT AND LOSS

CONSOLIDATED FINANCIAL STATEMENT (INDIRECT METHOD)

Balance sheet Assets	31/12/2022	31/12/2021
A) Unpaid share capital		
called up share capital		
share capital to be called up		
Total receivables from shareholders for payments still due (A)		
B) Fixed assets		
I - Intangible fixed assets		
1) plant and expansion costs		
2) development costs		
3) industrial patent and intellectual property rights	957,295	1,259,179
4) concessions, licenses, trademarks and other similar rights	518,760	35,451
5) goodwill	574,453	727,086
6) assets under development and payments on account	422,833	338,612
7) others	567,695	753,205
Total intangible fixed assets	3,041,036	3,113,533
II - Tangible fixed assets		
lands and buildings	7,154,989	7,194,207
plant and machinery	1,587,363	1,221,934
industrial and commercial equipment	457,454	408,991
other assets	599,928	646,902
fixed assets under construction and payments on account	174,456	90,450
Total tangible fixed assets	9,974,190	9,562,484
III - Financial fixed assets		
1) Shareholdings/holdings in		
a) group subsidiaries	103,601	78,601
b) associated/affiliated companies		
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other companies	10,055	9,470
Total investments	113,656	88,071
2) Receivables		
a) from group subsidiaries		
due within one year	118,008	
due after one year		
Total receivables from group subsidiaries	118,008	
b) from associates/affiliated companies		
due within one year		
due after one year		
Total receivables from associates/affiliated companies		
c) from parent companies		
due within one year		
due after one year		
Total receivables from parent companies		
d) from companies subject to the control of parent companies		
due within one year		
due after one year		
Total from companies subject to the control of parent companies		
d-bis) from others		
due within one year	46,556	40,470
due after one year		
Total receivables from third parties others	46,556	40,470
Total receivables	164,564	40,470
3) other securities	750,000	
4) financial derivative instrument assets	110,509	
Total financial fixed assets	1,138,729	128,541

Balance sheet Assets	31/12/2022	31/12/2021
Total fixed assets (B)	14,153,955	12,804,558
C) Current assets		
I - Inventory		
1) raw materials, supplies and consumables	10,729,981	7,800,395
2) unfinished products and semi-finished products	1,374,062	1,197,173
3) work in progress on order		
4) finished goods	1,818,594	1,311,241
5) payments on account (advances)		
Total inventories	13,922,637	10,308,809
Tangible fixed assets for sales		
II - Receivables		
1) trade receivables		
due within one year	12,361,591	9,324,585
due after one year		
Total trade receivables	12,361,591	9,324,585
2) from group subsidiaries		
due within one year	2,200	
due after one year		
Total receivables from group subsidiaries	2,200	
3) from associated/affiliated companies		
due within one year		
due after one year		
Total receivables from associated/affiliates companies		
4) from parent companies		
due within one year		
due after one year		
Total receivables from parent companies		
5) from companies subject to the control of parent companies		
due within one year		
due after one year		
Total receivables from companies subject to the control of parent companies		
5-bis) tax receivables		
due within one year	1,410,509	50,314
due after one year		
Total tax receivables	1,410,509	50,314
5-ter) deferred tax assets	849,741	603,980
5-quater) from others		
due within one year	472,834	392,079
due after one year	13,849	151
Total receivables from others	486,683	392,230
Total receivables	15,110,724	10,371,109
III - Financial assets other than fixed assets		
1) shareholdings in group subsidiaries		
2) shareholdings in associated/affiliates companies		
3) shareholdings in parent companies		
3-bis) shareholdings in companies subject to the control of parent		
4) other shareholdings		
5) financial derivative instrument assets	132,082	794,993
6) other securities		
financial assets for centralised treasury management		
Total financial assets other than fixed assets	132,082	794,993
IV - Cash and cash equivalents		
1) bank and postal deposits	11,510,093	11,981,120
2) cheques	1,937	

Balance sheet Assets	31/12/2022	31/12/2021
3) cash and cash equivalents	9,507	6,322
Total cash and cash equivalents	11,521,537	11,987,442
Total current assets (C)	40,686,980	33,462,353
D) Prepayments and accrued income	347,937	214,651
Total assets	55,188,872	46,481,562

Balance sheet Liabilities	31/12/2022	31/12/2021
A) Shareholders' equity		
I - Capital	5,399,608	5,399,608
II - Share premium reserve	3,433,505	3,433,505
III - Revaluation reserves	1,469,295	1,469,295
IV - Legal reserve	1,202,499	919,406
V - Statutory reserves		
VI - Other reserves, separately indicated		
extraordinary reserve	12,233,285	8,836,496
reserve for derogation ex article 2423 of Italian Civil Code		
reserve for shares (stocks) of parent company		
non-distributable reserve for revaluation of shareholdings		
account payments for capital increase		
payments for future capital increase		
payments on capital account		
payments to cover losses		
reserve for reduction of share capital		
merger surplus reserve		
profits on unrealized exchange rates reserve		152,809
current net profits offset		
consolidation reserve		
currency exchange reserve	128,466	4,582
other various reserves	(965,893)	(1,222)
total other reserves	11,395,858	8,992,665
VII - Reserve for hedging operations of expected cash flow	(164,769)	556,610
VIII - Profit (loss) carried forward		
IX - Profit (loss) for the year	10,739,407	4,993,382
covering losses in this financial year		
X - Negative reserve for treasury shares		
Total group shareholders' equity	33,475,403	25,764,471
third party/minority shareholders equity		
third party/minority shareholders share capital & reserve	72,448	41,216
third party/minority shareholders profit (loss)	92,755	36,173
third party/minority shareholders total equity	165,203	77,389
Total consolidated equity	33,640,606	25,841,860
B) Provision for risks & charges		
1) provision for pensions and similar obligations	863,934	1,380,187
2) tax provision, including deferred tax liabilities	123,145	260,319
consolidation fund for future risks & charges		
3) financial derivative instrument liabilities	473,647	21,931
4) other provisions	89,455	87,455
total provisions for risks & charges	1,550,181	1,749,892
C) Employees' severance indemnity	1,186,417	1,006,788
D) Payables		
1) bonds		
due within one year		
due after one year		
Total bonds		
2) convertible bonds		
due within one year		
due after one year		
Total convertible bonds		
3) payables due to shareholders		
due within one year		
due after one year		

Balance sheet Liabilities	31/12/2022	31/12/2021
Total payables to shareholders for loans		
4) payables due to banks		
due within one year	5,023,222	5,109,695
due over one year	4,997,325	5,002,537
Total payables to banks	10,020,547	10,112,232
5) payables due to other financial investors		
due within one year	209,678	
due after one year		
Payables due to other financial investors	209,678	
6) payment in account		
due within one year	26,333	29,304
due after one year		
Total payment on account	26,333	29,304
7) trade payables		
due within one year	4,688,627	4,457,257
due after one year		
Total trade payables	4,688,627	4,457,257
8) payables represented by negotiable instruments		
due within one year		
due after one year		
Total payables in form of credit Instruments		
9) payables due to group subsidiaries		
due within one year	332,159	138,437
due after one year		
Total payables to subsidiary companies	332,159	138,437
10) payables due to associated/affiliates		
due within one year		
due one year		
Total payables to associated/affiliated companies		
11) payables due to parent companies		
due within one year		
due after one year		
Total payables to parent companies		
11-bis) payables due to companies subject to the control of parent companies		
due within one year		
due after one year		
Total payables due to companies subject to the control of parent companies		
12) taxes payable		
due within one year	2,548,707	2,431,652
due after one year		
Total tax payables	2,548,707	2,431,652
13) social security charges payable		
due within one year	279,825	229,485
due after one year		
Total social security charges payable	279,825	229,485
14) other payables		
due within one year	451,210	390,917
due after one year		
Total other payables	451,210	390,917
Total payables	18,557,086	17,789,284
E) Accrued expenses and deferred income	254,582	93,738
Total liabilities	55,188,872	46,481,562

Profit and loss account	31/12/2022	31/12/2021
A) Production Value		
1) revenues from sales and services	62,161,398	40,306,786
2) changes in stocks of unfinished, semi-finished and finished products	794,639	(445,662)
3) changes to work in progress on order		
4) capitalised internal work in progress		
5) other incomes and revenues		
operating contributions	24,055	17,176
others	566,128	384,437
Total other incomes and revenues	590,183	401,613
Total production value	63,546,220	40,262,737
B) Costs of production		
6) raw materials, consumables, supplies and goods	30,208,456	17,717,484
7) for services	14,973,889	11,242,107
8) for use of third party assets	568,930	480,831
9) for personnel		
a) salaries and wages	3,259,212	2,852,648
b) social security contributions	834,139	703,538
c) employees' severance indemnity	283,988	175,483
d) pensions and similar costs		
e) other costs	199,021	5,228
Total Personnel expenses	4,576,360	3,736,897
10) amortisation, depreciation and write-downs		
a) depreciation of intangible fixed assets	800,276	776,195
b) depreciation of tangible fixed assets	1,118,839	1,130,520
c) other value adjustments		100,000
d) write-downs of receivables included in current assets and cash available	61,265	71,778
Total depreciations and impairments	1,980,380	2,078,493
11) changes in raw materials, supplies, consumables and goods	(2,820,040)	(1,942,150)
12) provisions for risks		
13) other provisions		
14) sundry operating charges	147,149	168,580
Total production costs	49,635,124	33,482,242
Difference between Value and Costs (A - B)	13,911,096	6,780,495
C) Financial income and charges		
15) income from holdings		
from group subsidiaries		
from associated/affiliated companies		
from parent companies		
from companies subject to the control of parent companies		
others	5,246	
Total revenues from shareholding	5,246	
16) other financial income		
a) from receivables entered in fixed assets with a separate indication of that relating to subsidiaries and associates		
from group subsidiaries		
from associated /affiliated companies		
from parent companies		
from companies subject to the control of parent companies		
others		
Total financial revenues from receivables entered as fixed assets		
b) from securities entered as fixed Assets that do not constitute holdings		
c) from securities entered as current assets that do not constitute holdings		
d) income other than above		
from group subsidiaries		

Profit and loss account	31/12/2022	31/12/2021
from associated/affiliated companies		
from parent companies		
from companies subject to the control of parent companies		
others	31,006	32,822
Total revenues other than the above	31,006	32,822
Total other financial revenues	31,006	32,822
17) interests and other Financial Charges		
to group subsidiaries		
to associated/affiliated companies		
to parent companies		
to companies subject to the control of parent companies		
others	117,655	131,711
Total interests and other financial charges	117,655	131,711
17-bis) exchange rate gains / (losses)	(672,057)	148,189
Net financial income / (charges) (15 + 16 + 17 +/- 17bis)	(753,460)	49,300
D) Adjustments to financial assets		
18) write-ups		
a) of shareholding		
b) of financial fixed assets that do not constitute holdings		
c) of securities entered in current assets that do not constitute holdings		
d) of financial derivatives		
of financial operation for management treasury		
Total revaluations		
19) write-downs		
a) of shareholdings		
b) of financial fixed assets not held as shares		
c) of securities under current assets not held as shares		
d) of financial derivatives		
financial operation for management of treasury		
Total impairments		
Total financial asset value adjustments (18 - 19)		
Pre - tax profit / (loss) (A - B +/- C +/- D)	13,157,636	6,829,795
20) current, deferred and advance income tax		
current taxes	3,741,862	2,201,689
taxes from previous financial year	(1,266,003)	(32,241)
advance and deferred taxes	(150,385)	(369,208)
revenues (charges) from participation in tax consolidation or fiscal transparency Systems		
Total taxes on financial year's revenue, current, deferred assets and deferred liabilities	2,325,474	1,800,240
21) Net profit (loss) for the year	10,832,162	5,029,555
Net profit (loss) for the year	10,739,407	4,993,382
Net profit (loss) for the year to the minority/third party interests	92,755	36,173

Consolidated Financial statement, indirect method	31/12/2022	31/12/2021
A) Cash flow from current activities (indirect method)		
Profit (loss) of the year	10,832,162	5,029,555
Income tax	2,325,474	1,800,240
Payable (receivable) interest	86,651	98,889
(Dividends)		
(Capital gains)/Capital losses from business conveyance		
1) Profit (Loss) for the year before income tax, interests, dividends, and capital gains/losses from conveyances	13,244,287	6,928,684
Adjustments to non monetary items that have not been offset in the Net Working Capital		
Allocations to fund reserves	669,855	312,709
Assets depreciation/amortisation	1,919,114	2,006,715
Write-downs for impairment losses		
Value adjustments to financial assets and financial liabilities of derivative financial instruments that do not involve		
Other adjustments to increase/(decrease) non-monetary items		
Total adjustments for non-monetary items that have not been offset in the Net Working Capital	2,588,969	2,319,424
2) Cash flow before changes in Net Working Capital	15,833,256	9,248,108
Changes to Net Working Capital		
Decrease/(Increase) in inventory	(3,613,828)	(1,882,426)
Decrease/(Increase) in payables to customers	(3,042,177)	(3,713,894)
Increase/(decrease) in trade payables	369,858	1,723,684
Increase/(decrease) from prepayments and accrued income	(133,286)	(58,754)
Increase/(Decrease) from accruals and deferred income	160,844	52,134
Other decreases/(increases) in Net Working Capital	(836,211)	480,545
Total changes to Net Working Capital	(7,094,800)	(3,398,711)
3) Cash flow after changes to Net Working Capital	8,738,456	5,849,397
Other adjustments		
Interest received/(paid)	(86,651)	(98,889)
(Income tax paid)	(2,513,503)	(48,913)
Dividend collected		
Use of reserves)	(814,186)	33,349
Other collections/(payments)		
Total other adjustments	(3,414,340)	(114,453)
Cash flow from current activities (A)	5,324,116	5,734,944
B) Cash flow from investments		
Tangible fixed assets		
(Investment)	(1,530,546)	(636,025)
Divestment		
Intangible fixed assets		
(Investment)	(727,778)	(404,179)
(Divestments)		
Financial fixed assets		
(Investment)	(1,010,188)	(22,543)
Divestment		
Short-term financial assets		
(Investment)		
Divestment		
(Acquisition of branches of the company net of cash and cash equivalents)		
(Disposal of branches of the company net of cash and cash equivalents)		
Cash flow from investments (B)	(3,268,512)	(1,062,747)
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term bank loans	264,551	3,215
New loans	4,000,000	2,000,000

Consolidated Financial statement, indirect method	31/12/2022	31/12/2021
(Loan repayments)	(4,356,236)	(3,784,980)
Equity		
Capital increase payments		206,200
(Repayment of equity)		
Sale/(Purchase) of own shares		
(Dividend and advances on dividend paid)	(2,429,824)	(794,110)
Cash flow from financing activities (C)	(2,521,509)	(2,369,675)
Increase (Decrease) in cash (A ± B ± C)	(465,905)	2,302,522
Exchange rate effect on cash	672,057	(148,189)
Cash at the start of the period		
Bank and postal deposits	11,981,120	9,676,418
Cheques		
Cash and valuables in hand	6,322	8,502
Total cash at the end of the start of the period	11,987,442	9,684,920
Of which not freely usable		
Cash at the end of the period		
Bank and postal deposits	11,510,093	11,981,120
Cheques	1,937	
Cash and valuables in hand	9,507	6,322
Total cash at the end of the period	11,521,537	11,987,442
Of which not freely usable		
Consolidated financial statement (indirect method)		
acquisition or disposal of Subsidiaries		
Total fees paid or received		
part of fees consisting of cash and cash equivalents		
cash and cash equivalents acquired or disposed of with acquisition/disposal of Subsidiaries operations		
book value of the assets/liabilities acquired or disposed of		



NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

Fope S.p.A., the parent company and its subsidiaries operate both in Italy and abroad in the jewellery sector with particularly of medium-high end level.

Significant events occurring during the financial year are extensively reported in the Consolidated Report on Operations, to which reference is made.

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consisting of the balance sheet, income statement, cash flow statement and notes to the financial statements prepared in accordance with the art. 29 of Legislative Decree No. 127/91, as resulting from these notes, prepared pursuant to art. 38 of said Decree.

In addition, all the additional information deemed necessary to provide more comprehensive information on the Group's economic, financial and financial situation has been prepared. In particular, the Statement of connection between the Parent Company's Profit and Equity the Profit and consolidated Equity of the reference period was drawn up.

PREPARATION CRITERIA

These financial statements have been prepared taking into account the legislative changes introduced by Legislative Decree No. 139/2015 applicable as of the financial year 2016 and the subsequent updating of the OIC accounting standards.

For each item in the Balance Sheet and the Income Statement, the corresponding values from the previous year are indicated.

In 2016 the new national accounting standards came into force ("OIC") which had to be adopted by January 2016. Since 1 January 2023, a number of OIC amendments have been published:

- OIC 9 Write-downs for impairment losses of tangible and intangible fixed assets;
- OIC 28 Equity
- OIC 35 Accounting standard on ETS

These amendments shall apply to financial statements for a financial year beginning on or after 1 January 2023.

On 25 March 2020, the Management Board of the OIC finally approved accounting standard OIC 33 "Transition to national accounting standards". The standard governs the way in which the first financial statements compiled in accordance with the provisions of the Civil Code and the National Accounting Standards are compiled by a company which previously drew up the financial statements in accordance with other rules.

The following table summarises the status of the National Accounting Standards, in view of the recent update:

Document	UPDATE	NOT UPDATED	REPEALED
OIC 2 Assets and financing allocated to a specific transaction		OCTOBER 2005	
OIC 3 Information on financial instruments to be included in Explanatory Notes and the Management Report			X
OIC 4 Mergers and demergers		JANUARY 2007	
OIC 5 Liquidation financial statements		JUNE 2008	
OIC 6 Debt restructuring and financial statements disclosure			X
OIC 7 Green certificates			X
OIC 8 Greenhouse gas emission allowances		FEBRUARY 2013	
OIC 9 Write-downs for impairment losses of tangible and intangible fixed assets	DECEMBER 2016		
OIC 10 Cash flow statement	DECEMBER 2016		
OIC 11 Financial statements, objectives and postulates	MARCH 2018		
OIC 12 Composition and financial statements for the year	DECEMBER 2017		
OIC 13 Inventories	DECEMBER 2017		
OIC 14 Cash and cash equivalents	DECEMBER 2016		
OIC 15 Receivables	DECEMBER 2016		
OIC 16 Tangible fixed assets	DECEMBER 2017		
OIC 17 Consolidated financial statements and equity method	DECEMBER 2017		
OIC 18 Accruals and deferrals	DECEMBER 2016		
OIC 19 Payables	DECEMBER 2017		
OIC 20 Debt securities	DECEMBER 2016		
OIC 21 Shareholdings	DECEMBER 2017		
OIC 22 Memorandum accounts			X
OIC 23 Work in progress made-to-order	DECEMBER 2016		
OIC 24 Intangible fixed assets	DECEMBER 2017		
OIC 25 Income tax	DECEMBER 2017		
OIC 26 Transactions, assets and liabilities in foreign currency	DECEMBER 2016		
OIC 28 Shareholders' equity	JANUARY 2019		
OIC 29 Changes to accounting policies, accounting estimates, errors and events after the end of the financial year	DECEMBER 2017		
OIC 30 Interim financial statements	APRIL 2006		
OIC 31 Funds for risks and charges and Severance pay	DECEMBER 2016		
OIC 32 Derivative financial instruments	JANUARY 2019		
OIC 33 Transition to national accounting standards	MARCH 2020		
OIC 35 Accounting standard on ETS	FEBRUARY 2022		

The financial statements for 31 December 2022 of which these Notes form an integral part pursuant to Article 2423, first paragraph of the Italian Civil Code, corresponds to the results of the accounting records duly kept and is drawn up in accordance with Articles 2423 et seq. of the Italian Civil Code. The financial statement values are represented in euro units by rounding up the amounts involved. Any differences from the amounts rounding up have been indicated under "Reserve from

rounding up euros” in the Shareholders’ Equity item. Pursuant to Article 2423, paragraph 6 of the Civil Code, the Notes have been drawn up in euro units.

In accordance with Art. 2423 ter, fifth paragraph of the Italian Civil Code, adjustments were made to certain items of the previous year in order to make their actual dynamics intelligible.

The Notes present the information related to the items of the balance sheet and income statement according to the order in which items are indicated in the respective financial statements.

SCOPE AND METHODS OF CONSOLIDATION

The consolidation scope, as envisaged by the regulatory provisions invoked, includes the financial statements for the period of the company Fope S.p.A. and of foreign companies in which the parent company holds the controlling share of the capital.

The financial statements of the Companies included in the consolidation scope are assumed on a line-by-line basis.

These Companies are listed below:

Company name	HEADQUARTERS	% OWNED	% CONSOLIDATED
Fope Usa Inc	USA - 19801, Wilmington (DE) 1201 Orange Street	100	line-by-line
Fope Jewellery Ltd	UK - B91 2AA Solihull 2nd Floor, Radcliffe House, Blenheim Court	75	line-by-line

It should be noted that there are no cases of companies consolidated by the proportional method.

The company Fope Services Dmcc was put into liquidation in October 2020, therefore it has not been included in the scope of the consolidation.

The company Milano 1919 S.r.l., owned by the Company with a minority share of 20% and in respect of which Fope S.p.A. does not exercise a dominant influence was not included in the consolidation.

The newly-founded company Fope Deutschland GmbH is a distributor acting as responsible party for marketing activity of Fope products in Germany. It was not included in the consolidation scope in the year 2022.

REFERENCE DATE

The financial statements of each single subsidiary as of 31 December 2022, were reclassified and adjusted accordingly with the accounting standards and presentation criteria adopted by the Group in order to prepare the consolidation.

CONSOLIDATION CRITERIA

The main consolidation criteria adopted for preparing the consolidated financial statements were the following:

- The book value of the holdings in consolidated Companies is written off against the corresponding fraction of equity in regard to the assumption of the assets and liabilities, according to the global line-by-line basis;
- The differences resulting from the write-off are allocated to the individual financial statement items which justify them and, for the remainder:
 - if positive, the item in fixed assets called "Difference from consolidation;
 - if negative, to an item in equity called "Consolidation reserve";
- the financial and economic relationships between the Companies included in the consolidation scope have been completely derecognised;
- the conversion of the financial statements of foreign companies into the reporting currency (euros) was carried out by applying the spot exchange rate at the end of the financial year to the assets and liabilities and to the entries in the Income Statement the average exchange rate for the period. The net effect of the translation of the financial statements of the company owned into the reporting currency is found in "Translation differences reserve".

The rates indicated in the table below were applied for the conversion of financial statements expressed in foreign currency:

Currency	EXCHANGE RATE AT 31/12/2022	ANNUAL AVERAGE EXCHANGE RATE
US dollars	1.0667	1.0530
UAE dirham	3.9171	3.8673
Pound Sterling	0.8869	0.8528

MEASUREMENT CRITERIA

A. General criteria

Accounting standards and measurement criteria were applied in a uniform way to all the consolidated companies. The criteria used in the consolidation presentation are those used in the financial statements of the parent company Fope S.p.A. and comply with the laws in force. The criteria used in the financial year that has just closed are the same as those same used for processing data relating to the previous year. The financial statement items were measured in accordance with the general principles of prudence and accrual basis accounting, with a view to going concern assumptions. For the purposes of accounting entries, prevalence is mainly given to the economic substance of transactions rather than with their legal form.

B. Value adjustments and reinstatements

The value of tangible and intangible assets whose useful life is limited over time is adjusted downward by means of the depreciation instrument. The same assets and the other components of the asset are written down whenever a loss of value impairment is identified; the original value is restored when the reasons for the previous devaluation is deemed to no longer exist. The analytical depreciation and write-down methods adopted are described below in these notes to the financial statements.

C. Revaluations and exceptions

During the financial year no revaluations and exceptions were made to the measurement criteria laid down by the legislation on statutory and consolidated financial statements.

THE MOST SIGNIFICANT PRINCIPLES AND CRITERIA WERE AS FOLLOWS:

FIXED ASSETS

INTANGIBLE

Intangible fixed assets consist of installation and expansion costs, goodwill, rights to use intellectual works, trademarks and other fixed assets represented by software and leasehold improvements.

These are recorded at the purchase price and entered net of depreciation made during the financial years and charged directly to the individual entries. The amortisation process, which starts from the moment in which the asset is ready for use, occurs in equal instalments based on the rates which are considered representative of the asset's estimated useful life.

The installation and expansion costs and goodwill costs with a useful life of more than one year were entered in the assets with the consent of the Board of Statutory Auditors and amortised within a period not exceeding, respectively, five years and ten years.

Industrial patents and rights to use intellectual property, licenses, concessions and trademarks are amortised over 5 years.

The other rates used are: 8.63% for leasehold improvements.

These are entered at their purchase cost and adjusted by the corresponding depreciation. Account has been taken of ancillary charges in the carrying value. The depreciation amounts, entered in the income statement, have been calculated on the basis of economic-technical rates deemed suitable to distribute the carrying value of tangible fixed assets during their useful life. If the recoverable amount of an asset is less than its net book value, the fixed asset is entered in the financial statements at this lower value charging the difference in the income statement as an impairment loss. If the conditions for the write-down are no longer met in subsequent years, the original value is restored.

Ordinary maintenance costs are charged in full to the income statement. Maintenance costs of an incremental nature are attributed to the asset to which they relate and amortised according to the remaining possibility of use of the asset itself.

The depreciation rates, unchanged compared to the previous year, used are:

Buildings	3 %
Plant and machinery	12.50 %
Industrial and commercial equipment	35 %
Purification systems	15 %
Office furniture and machinery	12 %
Mobile phones	20 %
Goods less than EUR 516.46	100 %
Vehicles	20 %

In the year in which the asset is acquired, the depreciation is reduced to approximately half; the use of the reduced rate does not entail any significant value deviations with respect to the application of the full rate redistributed over the months of possession.

Fixed assets acquired free of charge are entered at the presumable market value plus the costs incurred or to be incurred to insert the assets in the production process in a lasting and useful way.

Financial fixed assets

Shareholdings not falling within the consolidation scope are recorded at purchase cost and represent a lasting investment by the Parent Company. In the case of impairment losses, a write-down is performed and in the year in which the conditions for the write-down no longer apply, it is restored to the pre-write-down value.

It should be noted that, in application of paragraph 2 of Legislative Decree No. 127/1991, the holding in the related company has been measured on a historical cost basis. Similarly, the other holdings are recorded at purchase cost possibly corrected for impairment losses. Financial fixed assets are not entered at a value higher than their fair value. Receivables entered in financial fixed assets are recorded at the presumed realisable value; considering the limited importance, the application of the amortised cost method would not produce appreciable differences in the measurement.

Inventories are measured at the lowest value between the purchase or manufacture cost and the presumed realisable value can be deduced from market trends. The cost is determined based on the following criteria:

- weighted average cost for fine gold stocks;
- average purchase cost, including additional charges (shipping costs, customs costs and other directly attributable costs) for other raw and ancillary materials;
- production cost, determined with the criterion of average cost for finished and unfinished products.

The production cost includes all direct costs and indirect costs for the share reasonably attributable to the product relating to the production period and up to the moment from which the good can be marketed.

For the purposes of determining the presumed realisable value, account is be taken, where applicable, of the obsolescence rate and stock movement times.

RECEIVABLES

Receivables are recognised in the financial statements at amortised cost, taking account of the time factor and the presumed realisable value.

In the initial recognition of receivables at amortised cost, the time factor is respected by comparing the actual interest rate with market interest rates. If the actual interest rate is significantly different from the market interest rate, the latter is used for discounting future cash flows arising from the receivable in order to determine its initial book value.

At the close of the financial year, the value of the receivables measured at amortised cost is equal to the current value of future cash flows discounted at the effective interest rate. In the case where the contractual rate is a fixed rate, the effective interest rate determined on initial recognition is not recalculated. If, on the other hand, it is a variable rate and configured to market rates, then the future cash flows are restated periodically to reflect changes in market interest rates, by recalculating the effective interest rate.

The amortised cost criterion has not been applied, and the discounting of receivables has not been performed for receivables with a maturity of less than twelve months as the effects are irrelevant in order to give a true and accurate representation. Receivables with a maturity of less than twelve months, therefore, are recorded at the estimated realisable value.

The receivables are removed from the financial statements when the contractual rights to the cash flows arising from the receivable are extinguished or in the case in which all risks relating to the receivable subject to disposal are transferred.

ACCRUALS AND PREPAYMENTS

They are calculated on an accrual basis.

FUNDS FOR RISKS AND CHARGES

Provisions for risks and charges are intended to cover liabilities whose existence is certain or likely, however, the amount of which and/or date of occurrence cannot be determined at the year-end.

In evaluating such provisions, general criteria of prudence and accruals were adhered to, and no provisions for generic risks that lack economic justification was made.

Potential liabilities have been recognised in the financial statements and entered in funds as deemed likely and the amount of the related charge can be reasonably estimated.

SEVERANCE PAY FUND

Severance pay covers sums due and reserves concerning commitments incurred up to the closing date of the financial year, to employees in accordance with laws, work contracts and any business agreements in force.

PAYABLES

These are recognised at amortised cost, taking account of the time factor. In the initial recognition of payables at amortised cost, the time factor is respected by comparing the actual interest rate with market interest rates.

At financial year ending, the value of the payables measured at amortised cost is equal to the current value of future cash flows discounted at the effective interest rate. As provided for in art. 12, paragraph 2 of Legislative Decree No. 139/2015, the amortised cost criterion was not applied to payables entered in the financial statements prior to the financial year commencing on 1 January 2016.

The amortised cost criterion, moreover, has not been applied to short-term payables (duration of less than twelve months) and to payables with irrelevant transaction costs with respect to the par value as the effects are irrelevant for the purpose of providing a true and accurate representation. In these cases, payables are recorded at par value.

The item “Advances” includes advances received from customers concerning supplies of goods and services not yet carried out.

“Payables to suppliers” all with a maturity of less than 12 months, are entered at par value net of trade discounts; cash discounts are reported at the time of payment.

The par value of these payables has been adjusted, on the occasion of returns or discounts (invoice adjustments), to the extent corresponding to the amount defined by the counter party.

FINANCIAL DERIVATIVES

The parent company of the Group uses financial derivatives with the sole intention of managing and hedging its exposure to the price fluctuations risk of strategic raw materials, interest rates and exchange rates of currencies other than the euro. Financial derivatives, even if incorporated in other financial instruments, have been initially recognised when the company acquired the rights and obligations; they have been measured at fair value either on the initial recognition date or on each closing date of the financial statements.

Derivatives are only classified as hedging instruments when, at the start of the hedge, there is a close and documented correlation between the characteristics of the hedged item and those of the hedging instrument and the hedging relationship is formally documented and the effectiveness of the hedge is high and is regularly checked.

Financial derivatives with a positive fair value have been entered in current assets based on their financial derivative nature to hedge a highly likely transaction.

Financial derivatives with a negative fair value have been entered in the financial statements in Funds for risks and charges.

Changes in the fair value of the effective component of cash flow hedging financial derivatives have been entered in the reserve for expected cash flow hedging transactions, net of deferred tax effects.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Commitments, not resulting from the balance sheet, represent obligations undertaken by the company in respect of third parties that originate from legal transactions with certain mandatory effects but not yet carried out by either party. The amount of the commitments is the par value determined from the documentation.

REVENUE

Revenue from the sales of products is recognised at the time of the transfer of the risks and benefits, which is normally identified with the delivery or shipment of the goods. Revenue of a financial nature and that deriving from service provisions is recognised on an accrual basis. Revenue and income, costs and charges related to foreign currency transactions are calculated at the rate ruling on the date the related transaction took place.

COSTS

Costs are recognised on an accrual basis. The costs for purchasing goods are recognised in the Income Statement on an accrual basis when the significant risks and benefits related to ownership of the goods are transferred to the buyer. The costs for purchasing goods are recorded in the Consolidated Income Statement net of returns, rebates, trade discounts and premiums relating to the quantity. Costs for services are recognised on an accrual basis when received. The item Staff Costs includes

the entire cost incurred for employees including merit-based pay raise, promotions, cost of living increases, cost of holiday not taken and legal provisions and those of collective agreements.

In regards to depreciation, it is specified that it has been calculated based on the useful life of the asset and its use in the production phase.

The write-down of receivables included in current assets has been calculated on the basis of criteria of prudence and according to estimates of the recoverability of the receivables.

INCOME TAX

Taxes are set aside on an accrual basis; they therefore represent:

A. the provisions for taxes paid or to be paid during the year, calculated according to the current rates and legislation;

B. the amount of deferred taxes or paid in advance calculated based on the tax rates in force when the temporary differences are reversed.

Deferred taxes for the year are directly recognised in the Income Statement, with the exception of those relating to items directly recognised in shareholders' equity, in which case the related deferred taxes are also recorded at the same time, without being recognised in the Income Statement.

FINANCE LEASES

At 31 December 2022 the Company did not have any finance leases. The normal value of assets related to contracts closed in the previous years is entered in tangible fixed assets. This value is systematically amortised, in accordance with the rates set out in the tangible fixed assets section.

EMPLOYMENT DATA

The average number divided by employees categories of the companies included in the consolidation is reported separately on a line-by-line basis.

Category	AVERAGE NUMBER
Executives	8
Managers	5
Clerical staff	31
Manual workers	32
Other employees	
Total employees	76

ANALYSIS OF THE FINANCIAL STATEMENT ITEMS

INTANGIBLE FIXED ASSETS

The table below describes the composition of the item in detail.

	INSTALLA- TION AND EXPANSION COSTS	DEVEL- OPMENT COSTS	INDUSTRIAL PATENTS AND INTEL- LECTUAL PROPERTY RIGHTS	CONCES- SIONS, LICENCES, TRADE- MARKS AND SIMILAR RIGHTS	GOODWILL	INTANGIBLE FIXED AS- SETS UNDER CONSTRUC- TION AND PAYMENTS ON AC- COUNT	OTHER INTANGI- BLE FIXED ASSETS	TOTAL INTANGI- BLE FIXED ASSETS
Value at the start of the year								
Cost			1,259,179	35,451	727,086	338,612	753,205	3,113,533
Revaluations								
Depreciation (Depreciation fund)								
Write-downs								
Book value			1,259,179	35,451	727,086	338,612	753,205	3,113,533
Changes over the year								
Increases for acquisitions			31,149	620,642		339,633		991,424
Reclassifications (of the book value)			(7,841)	7,841		83,200		83,200
Decreases for disposals and disinvestments (of the book value)						338,612		338,612
Revaluations carried out over the year								
Depreciation for the year			325,192	145,174	152,633		177,277	800,276
Write-downs carried out over the year								
Other changes							(8,233)	(8,233)
Total changes			(301,884)	483,309	(152,633)	84,221	(185,510)	(72,497)
Value at the end of the year								
Cost			1,833,824	775,412	1,450,010	422,833	1,240,355	5,722,434
Revaluations								
Depreciation (Depreciation fund)			876,529	256,652	875,557		672,660	2,681,398
Write-downs								
Book value			957,295	518,760	574,453	422,833	567,695	3,041,036

Industrial patents and rights to use intellectual property, licences, concessions and trade marks are amortised at an annual rate of 20%.

We remind you that in 2020 the parent company made use of the right laid down in Article 110 of Law 126/2020 to revalue the patent that distinguishes the elastic “Flex’it” mesh. The revaluation carried out amounted to EUR 1.49 million. The value was determined by the expertise appraisal prepared by an independent expert and does not exceed the maximum value attributable to the patent.

The item “Concessions, licenses, trademarks and similar rights” shows an increase of EUR 620,435 mainly due to the activation of the new ERP system SAP S/4HANA. The project, which started in 2021, envisages the implementation of several modules. The first was released in January 2022 and the last is expected to be operational at the end of 2023.

Goodwill relates to the purchase, by the company Vesco e Sambo di Anita Vesco and C. S.a.s., of the branch of the company that was previously leased. Goodwill is amortised, within the 10-year limit provided by OIC 24 and by art. 2426, paragraph 1, no. 6 of the Civil Code based on its estimated useful life.

The item “Intangible fixed assets under construction and payments on account” relates for EUR 339,633 to the costs incurred for the second phase of implementation of the new ERP system SAP S/4HANA, which has not yet been completed.

The item “Other intangible fixed assets” records leasehold improvements relating to the restructuring of the flagship store in Venice. These costs are amortised based on the term of the lease on the property, a term that is in any case less than the future usefulness of such costs.

The costs incurred for the design and furnishing of the flagship store in London at 1 Old Bond Street, which opened in collaboration with our commercial partner The Watches of Switzerland, also flowed to the same account and the costs borne by the subsidiary Fope Jewellery Ltd for the registered office in Solihull, Radcliffe House, Blenheim Court partner.

TANGIBLE FIXED ASSETS

CHANGES IN TANGIBLE FIXED ASSETS

The item is broken down as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHE TANGIBLE FIXED ASSETS	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION AND PAYMENTS ON ACCOUNT	TOTAL TANGIBLE FIXED ASSETS
Value at the start of the year						
Cost	9,562,585	4,822,807	3,307,054	1,562,943	90,450	19,345,839
Revaluations						
Depreciation (Depreciation fund)	2,368,378	3,600,873	2,898,063	916,041		9,783,355
Write-downs						
Book value	7,194,207	1,221,934	408,991	646,902	90,450	9,562,484
Changes over the year						
Increases for acquisitions	267,431	621,874	362,544	122,959	257,656	1,632,464
Reclassifications (of the book value)		79,620	10,830		(173,650)	(83,200)
Decreases for disposals and disinvestments (of the book value)		61,375	581,066	2,979		645,420
Revaluations carried out over the year						
Depreciation for the year	307,302	319,402	321,470	170,665		1,118,839
Write-downs carried out over the year						
Other changes	653	44,712	577,625	3,711		626,701
Total changes	(39,218)	365,429	48,463	(46,974)	84,006	411,706
Value at the end of the year						
Cost	9,779,405	5,463,418	3,098,156	1,683,567	174,456	20,199,002
Revaluations						
Depreciation (Depreciation fund)	2,624,416	3,876,055	2,640,586	1,083,639		10,224,696
Write-downs			116			116
Book value	7,154,989	1,587,363	457,454	599,928	174,456	9,974,190

The item “Land and buildings” comprises the building that houses the parent company’s headquarters.

The value attributed to the land on which the building stands, amounting to EUR 1,027,985, has been identified on the reference date of 31 December 2005 based on a flat-rate criterion estimate up to 30% of the original cost of the property net of capitalised incremental cost and any revaluations applied.

Consequently, as of the financial year ended 31 December 2006, the appropriation of the depreciation amounts relating to the value of the above-mentioned land no longer applies, as it is considered, based on the updated estimates, a company asset not subject to degradation and having an unlimited useful life. These criteria were applied to determine the value of the land also for the portion of the building purchased in 2012.

The amount recorded in the item “Tangible fixed assets under construction and payments on account” amounting to EUR 174,456, refers to the advances paid to the manufacturers of the machinery that will be delivered in 2023.

FINANCIAL FIXED ASSETS

SHAREHOLDINGS

Denominazione	CITTÀ, SE ITALIA, O STATO ESTERO	CODICE FISCALE (PER IMPRESE ITALIA-NE)	CAPITALE IN EURO	UTILE (PER-DITA) ULTIMO ESERCIZIO IN EURO	PATRIMONIO NETTO IN EURO	QUOTA POSSEDUTA IN EURO	QUOTA POSSEDUTA IN %	VALORE A BILANCIO O CORRISPONDENTE CREDITO
Fope Services Dmcc	UAE - DUBAI		12,210	13,461	164,828	164,828	100	78,601
Fope Deutschland GmbH	MOENCHENGLAD-BACH -DE		25,000	19,003	44,003	25,000	100	25,000
Total								103,601

The shareholding in Fope Services Dmcc, a company under UAE law, is entered in the financial statements for the value of the increased constitution of the payments to the capital account. The amounts, originally in legal tender in the United Arab Emirates, were converted at the exchange rates in force on the date of the corresponding payments.

The financial statements at 31 December 2020 of the UAE company showed a profit of AED 56,464 (amounting to EUR 13,461) and equity of AED 742,798 (amounting to EUR 164,828).

The company Fope Services Dmcc was liquidated in October 2020.

The shareholding in Fope Deutschland GmbH, a German company founded in 2022 with its registered office in Mönchengladbach (De), is recorded in the financial statements with a value of EUR 25,000. The participation as a result of the marginal impact on the group's business for the financial year 2022 was not included in the consolidation scope, but will be included in the financial year 2023.

Name	CITY IF IN ITALY, OR FOREIGN STATE	TAX CODE (ITALIAN COMPANIES ONLY)	QUOTA CAPITAL IN EURO	NET PROFIT (LOSS) FOR THE YEAR IN EURO	NET EQUITY IN EURO	INVESTMENT IN EURO	INVESTMENT IN %	CARRYING AMOUNT OR CORRESPONDING	PRODUCTION VALUE
Milano 1919 s.r.l.	MILANO	06412160969	137,500	(511,977)	373,446	27,500	20		567,619

The item "Shareholdings in associated/affiliates companies" refers to the shareholding in the company Milano 1919 S.r.l., 20% of whose share capital is owned by Fope S.p.A.

The purchase of the shareholding followed agreements signed with Borromeo Vitaliano, a key shareholder of Milano 1919 and owner of the Antonini brand, a historical high-quality jewellery production brand founded and present in Milan. The 2021 financial statements of Milano 1919 S.r.l. show a production value of EUR 567,619 and equity of EUR 373,446. The holding was entirely written down in 2019.

The "Other shareholdings entered in financial assets" relate to the small shares which the companies of the Group hold in national trade fairs associations.

LONG-TERM RECEIVABLES

Long-term receivables from others are as follows:

Description	BOOK VALUE
Lloyds credit cards guarantee deposit	27,059
Various security deposits	12,646
Lease advance	6,851
Total	46,556

At 31 December 2022, there were no receivables related to operations involving the requirement of retrocession by a purchaser.



CURRENT ASSETS

INVENTORIES

The analysis of inventories is summarized in the following table:

	VALUE AT THE START OF THE YEAR	CHANGE OVER THE YEAR	VALUE AT THE END OF THE YEAR
Raw materials, supplies and consumables	7,800,395	2,929,586	10,729,981
Unfinished products and semi-finished products	1,197,173	176,889	1,374,062
Finished products and goods	1,311,241	507,353	1,818,594
Total Inventory	10,308,809	3,613,828	13,922,637

Inventories are measured at the lowest value between the purchase or manufacture cost and the presumed realisable value can be deduced from market trends. The cost is determined based on the following criteria:

- weighted average cost for gold stocks;
- average purchase cost, including additional charges (shipping costs, customs costs and other directly attributable costs) for other raw and ancillary materials;
- production cost, determined with the criterion of average cost for finished and unfinished products.

The production cost includes all direct costs and indirect costs for the share reasonably attributable to the product relating to the production period and up to the moment from which the good can be marketed.

In order to ensure a correct representation, the value of the stock of stones and pearls shall be reduced by the stock obsolescence fund, amounting to EUR 121,474.

RECEIVABLES

The balances of the consolidated receivables, after removing intra-group values, are divided in accordance with maturities:

	VALUE AT THE START OF THE YEAR	CHANGE OVER THE YEAR	VALUE AT THE END OF THE YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE BEYOND THE YEAR
Receivable recognized under current assets					
Trade receivables	9,324,585	3,037,006	12,361,591	12,361,591	
Receivables from group subsidiaries		2,200	2,200	2,200	
Receivables from associated/ affiliated companies					
Receivables from parents companies					
Receivables from companies subject to the control of parent companies					
Tax receivables	50,314	1,360,195	1,410,509	1,410,509	
Deferred tax assets	603,980	245,761	849,741		
Receivables from others	392,230	94,453	486,683	472,834	13,849
Total receivables entered in current assets	10,371,109	4,739,615	15,110,724	14,247,134	13,849

Receivables entered in current assets have been recognised in the balance sheet at amortised cost, as defined by art. 2426, paragraph 2 of the Italian Civil Code, taking account of the time factor and the presumed realisable value. The adjustment to the presumed realisable value was performed by the establishment of a provision for bad debts.

For receivables for which the irrelevance of the application of the amortised cost and/or discounting method has been checked, for the purposes of needing to provide a true and fair representation of the company's financial and economic situation, entering according to the presumed realisable value has been maintained.

The receivables are removed from the financial statements when the contractual rights to the cash flows arising from the receivable are extinguished or in the case in which all risks relating to the receivable subject to disposal are transferred.

The item "Receivables from customer entered in current assets" is recorded net of the related write-down fund.

The item "Tax credits", amounting to EUR 1,410,509, mainly includes the tax credit accrued by the parent Company pursuant to Article 48-bis Legislative Decree 34/2020 (EUR 1,010,417). The item tax credits, amounting to EUR mainly includes the refund from the Treasury for R&D activities, investments in assets and for tax pre-payments incurred by the American subsidiary.

The deferred tax credit equals to EUR 849,741. Pre-paid taxes were only recognised based on a reasonable certainty of taxable income in future periods which permit reabsorption.

The item “Receivables from others” refers mainly to advances paid to suppliers.

It should be noted that there are no credits maturing over the five-year period, nor receivables relating to transactions with a repurchase on expiry obligation.

The percentage distribution of receivables by geographical area is shown below:

Receivables from customers	
Customers Italy	10.09%
Customers EU Area	9.79%
Customers outside of the EU Area	80.12%

The table shows the movements in the period to the receivables write-down fund:

Description	PROVISION FOR BAD DEBTS PURSUANT TO ART. 2426 OF THE CIVIL CODE	PROVISION FOR BAD DEBTS PURSUANT TO ART. 106 OF PRESIDENTIAL DECREE 917/1986	TOTAL
Balance at 31/12/2021	229,759	82,144	311,903
Profit over the year			
Accrual of the year	61,265		61,265
Balance at 31/12/2022	291,024	82,144	373,168

Changes to the item “pre-paid tax credits” are described in the table below:

	VALUE AT 31/12/2021	ALLOCATION OVER THE YEAR	PROFIT OVER THE YEAR	VALUE AT 31/12/2022
Prepaid tax receivables	224,972	136,247	42,057	319,162
Tax effect derived from hedging	5,264	126,695	5,264	126,695
Deferred taxes asset Fope Inc				
Deferred (prepaid) taxes from consolidated adjustments	373,743	30,141		403,884
Rounding	1		1	
Total prepaid tax receivables	603,980	293,083	47,322	849,741

FINANCIAL ASSETS OTHER THAN FIXED ASSETS

	FAIR VALUE AT 31/12/2021	CHANGE	FAIR VALUE AT 31/12/2022
Non-fixed asset derivative financial instruments	794,993	(662,911)	132,082
Total financial assets that are not fixed assets	794,993	(662,911)	132,082

As of 31 December 2022 the Group's subsidiaries do not hold any investments intended to be used on a long-term basis and as such intended for trading.

Financial derivatives, even if incorporated in other financial instruments, have been initially recognised when the Companies acquired the rights and obligations; they have been measured at fair value either on the initial recognition date or on each

closing date of the financial statements.

The parent company of the Group uses financial derivatives with the sole intention of managing and hedging its exposure to the price fluctuations risk of strategic raw materials, interest rates and exchange rates of currencies other than the euro.

Derivatives are only classified as hedging instruments when, at the start of the hedge, there is a close and documented correlation between the characteristics of the hedged item and those of the hedging instrument and the hedging relationship is formally documented and the effectiveness of the hedge is high and is regularly checked.

Financial derivatives with a positive fair value have been entered in current assets based on their financial derivative nature to hedge a highly likely planned transaction.

Financial derivatives with a negative fair value have been entered in the financial statements in Funds for risks and charges.

Changes in the fair value of the effective component of cash flow hedging financial derivatives have been entered in the reserve for expected cash flow hedging transactions, net of deferred tax effects.

CASH AND CASH EQUIVALENTS

The item "Bank and postal deposits" primarily includes active bank accounts that the Companies hold with national and foreign credit institutions.

The criteria used for valuing and converting the values expressed in foreign currency are indicated in the first part of these notes to the financial statements.

	VALUE AT THE START OF THE YEAR	CHANGE OVER THE YEAR	VALUE AT THE END OF THE YEAR
Bank and postal deposits	11,981,120	(471,027)	11,510,093
Allowances		1,937	1,937
Cash and other cash values	6,322	3,185	9,507
Total cash and cash equivalents	11,987,442	(465,905)	11,521,537

The year-end value reflects the companies' operational requirements, which result in the necessity to hold adequate funds in bank accounts to settle payments due at the beginning of the following financial year. It should be noted that the value has been affected by the provision of the loan required for financing.

The operation is accurately described in the Consolidated Report on Operations which can be consulted.

PREPAYMENTS AND ACCRUED INCOME

	VALUE AT THE START OF THE YEAR	CHANGE OVER THE YEAR	VALUE AT THE END OF THE YEAR
Accrued income	2,900	(2,900)	
Prepayments income	211,751	136,186	347,937
Total prepayments and accrued income	214,651	133,286	347,937

Measure income and expense items that are pre-paid or deferred with respect to the actual date of payment and/or of the document; irrespective of the date of payment or receipt of the relevant income and expenses, common to two or more years and can be distributed over time.

The item is broken down as reported.

Description	AMOUNT
Others insurances	131,852
Exhibition services	74,155
Services related to the listing on the Euronext Growth Milan market.	50,417
Licenses of use, technical and software support contracts	30,711
Lease fees	18,158
Branch's costs	14,838
Assignment RPD	10,794
Minor costs	10,012
Agent commissions	7,000
Total	347,937

The item "Other" includes advertising costs and interest payable for future financial years. In addition, there are no pre-paid expenses and accrued income for over than a five-year period.

The following table highlights a summary of the differences between the financial statements of the Parent Company and the consolidated financial statements with respect to items that have an impact on the profit for the year and on equity:

	SHAREHOLDERS' EQUITY	PROFIT
Shareholders equity and operating profit as reported in the Parent Company's financial statements	22,928,580	10,284,147
Corrections made in application to the accounting standards		
Elimination of the carrying value of consolidated holdings:		
a) difference between the carrying value and the pro rata value of shareholders equity	647,830	
b) pro rata profit made by holdings		659,350
c) gains/losses allocated on the date of acquisition of the shareholdings		
d) consolidation difference		
Other consolidation entries	(1,032)	256
Elimination of the effects of transactions among Subsidiaries	(839,383)	(204,347)
Shareholders equity and profit over the year pertaining to the Group	22,735,995	10,739,406
Shareholders equity and profit over the year pertaining to third parties	72,448	92,755
Assets and net consolidated profit	22,808,443	10,832,161

Statement of Change in the Group's Consolidated shareholders' equity:

	ALLOCATION OF PROFIT FROM THE PREVIOUS YEAR			OTHER CHANGES				VALUE AT THE END OF THE YEAR
	VALUE AT THE START OF THE YEAR	ALLOCA- TION OF DIVIDENDS	OTHER AL- LOCATIONS	INCREASES	DECREASES	RECLASSI- FIED	OPERATING PROFIT	
Capital	5,399,608							5,399,608
Reserve from share overprice	3,433,505							3,433,505
Revaluation reserves	1,469,295							1,469,295
Legal reserve	919,406		283,093					1,202,499
Statutory reserves								
Other reserves								
Extraordinary reserve	8,836,496		2,948,941	(447,848)				12,233,285
Profits on unrealized exchange rates reserve	152,809			(152,809)				
Current profit adjustment reserve								
Various other reserves	(1,222)			(964,671)				(965,893)
Various other reserves- Translation difference reserve	4,582			123,884				128,466
Total other reserves	8,992,665		2,948,941	(545,748)				11,395,858
Reserve for hedging operations of expected cash flow	556,610				721,379			(164,769)
Profit (or loss) carried forward								
Profit (loss) for the year	4,993,382	(2,429,824)	(3,232,034)	668,476			10,739,407	10,739,407
Loss covered over the year								
Negative reserve for treasury shares								
Capital and Third-party reserves	41,216		36,173	4,941				72,448
Third-party profit (loss)	36,173		(36,173)				92,755	92,755
Total consolidat- ed equity	25,841,860	(2,429,824)		117,787	721,379		10,832,162	33,640,606

CHANGES TO THE RESERVE FOR HEDGING OPERATIONS OF EXPECTED CASH FLOWS

The reserve is changed by accounting for future cash flows arising from derivatives that are intended as “cash flow hedging instruments” and is shown net of the tax effect.

FUNDS FOR RISKS AND CHARGES

The item is broken down as reported.

	FUND FOR PENSIONS AND SIMILAR OBLIGATIONS	FUND FOR TAX, INCLUDING DEFERRED TAX LIABILITIES	FINANCIAL DERIVATIVE LIABILITIES	OTHER FUNDS	TOTAL FUNDS FOR RISKS AND CHARGES
Value at the start of the year	1,380,187	260,319	21,931	87,455	1,749,892
Changes over the year					
Provisions for the year	316,502	122,978	451,716	68,000	959,196
Profit over the year	832,755	260,152		66,000	1,158,907
Other changes					
Total changes	(516,253)	(137,174)	451,716	2,000	(199,711)
Value at the end of the year	863,934	123,145	473,647	89,455	1,550,181

The pension fund refers to the supplementary customer indemnity fund for agents constituted by the Parent Company.

In regards to the Italian agents, the provisions for the year have been determined in accordance with the Economic Agreements in the sector of the industry (A.E.C.) and are commensurate with services actually delivered by the agent. It should be noted that, compared to the previous year, the funds amount has been adequately increased to take account of the merit-based allowance that from 1 April 2017, must also be recognised in agency contracts concluded before 1 January 2004 (art. 11 of the A.E.C.). For foreign agents, considering the different reference legislation, the value of the provision is estimated taking account of the presumed charge that the Company could incur in the event the business relationship will end.

During 2022, the cooperation with three Italian agents ceased and an indemnity amounting to EUR 832,755 was paid.

Derivative instrument liabilities relate to the mark-to-market valuation communicated by the reference banks of hedging derivative contracts on exchange rates and commodities opened at the end of the period.

The item “Other funds”, amounting to EUR 89,455 includes the “product guarantee” fund for EUR 21,455 and the variable directors fee for EUR 68,000. The tax fund refers to deferred tax allocated to temporary differences between statutory values and fiscal values.

The table below describes changes to the deferred tax fund:

	31/12/2021	ALLOCATION OVER THE YEAR	PROFIT OVER THE YEAR	31/12/2022
Fund for deferred taxes	38,436	7,321	38,436	7,321
Effect derived from hedging	221,717	60,409	221,717	60,409
Deferred taxes leasing	167	98		265
Deferred taxes Fope Ltd		29,695		29,695
Deferred taxes Fope Usa Inc		25,455		25,455
Rounding	(1)	1		
Total deferred taxes fund	260,319	122,979	260,153	123,145

EMPLOYEE'S SEVERANCE PAY

The following table shows the changes in the period.

	EMPLOYEE'S SEVERANCE PAY
Value at the start of the year	1,006,788
Changes over the year	
Provisions for the year	199,622
Profit over the year	19,993
Other changes	
Total changes	179,629
Value at the end of the year	1,186,417

This refers to a payable to employees of the Parent Company and represents the payable actually due to employees pursuant to law and current labour agreements in Italy, taking into account any type of remuneration paid on a continuous basis.

The provision is the total of the individual entitlements accrued by employees at the balance sheet date, net of advances paid, and is equal to the amount that would be due to employees should their employment relationship cease on such date.

PAYABLES

The breakdown of payables based on maturity is as follows:

	VALUE AT THE START OF THE YEAR	CHANGE OVER THE YEAR	VALUE AT THE END OF THE YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE YEAR
Bonds					
Convertible bonds					
Payables to shareholders for loans					
Payables to banks	10,112,232	(91,685)	10,020,547	5,023,222	4,997,325
Payables to other lenders		209,678	209,678	209,678	
Advances	29,304	(2,971)	26,333	26,333	
Payables to suppliers	4,457,257	231,370	4,688,627	4,688,627	
Accounts payable represented by negotiable instruments					
Payables to subsidiaries	138,437	193,722	332,159	332,159	
Payables to affiliated companies					
Payables to parent companies					
Payables from companies subject to the control of parent companies					
Taxes payable	2,431,652	117,055	2,548,707	2,548,707	
Social security charges payable	229,485	50,340	279,825	279,825	
Other payables	390,917	60,293	451,210	451,210	
Total Payables	17,789,284	767,802	18,557,086	13,559,761	4,997,325

The balance of the total payable to banks as of 31 December 2022, amounting to EUR 10,020,547 breaks down as follows:

	VALUE
Payable current accounts	1,000,000
Medium-term borrowings	9,002,781
Other payables to banks	17,766
Total	10,020,547

With regard to existing loans with banks, the following table summarises the main aspects, while, for a more thorough analysis of the debt ratio with credit institutions, refer to that highlighted in the Consolidated Report on Operations.

Credit institution	ORIGINAL AMOUNT	MATURITY	RESIDUAL AMOUNT AT 31/12/2022	PORTION WITHIN 12 MONTHS	PORTION AFTER 12 MONTHS
Simest spa	400,000	31/12/2025	240,000	80,000	160,000
Simest spa	1,300,000	16/04/2024	487,500	325,000	162,500
Unicredit spa	2,000,000	31/05/2023	167,696	167,696	
Unicredit spa	2,000,000	30/11/2024	1,334,333	666,666	667,667
Banco di Desio e della Brianza spa	2,000,000	12/10/2025	2,000,000	650,123	1,349,877
Credem spa	2,000,000	05/10/2025	2,000,000	773,697	1,226,303
Intesa SanPaolo spa	2,000,000	15/12/2023	400,000	400,000	
Intesa SanPaolo spa	4,000,000	28/05/2025	2,373,252	942,274	1,430,978
Total			9,002,781	4,005,456	4,997,325

It should be noted that these loans do not provide for covenants and are not supported by collateral on Group assets.

In regards to the analysis of the debt towards the credit institutions mentioned in the table above, refer to what is described in the Report on Operations.

The item “Advances” includes advances received from customers concerning supplies of goods and services not yet carried out.

“Payables to suppliers” all with a maturity of less than 12 months, are entered at par value net of trade discounts; cash discounts are reported at the time of payment.

The par value of these payables has been adjusted, on the occasion of returns or discounts (invoice adjustments), to the extent corresponding to the amount defined by the counter party.

Payables to subsidiaries refer to ordinary commercial transactions with the company Fope Services Dmcc and the newly-formed Fope Deutschland GmbH.

The item “Tax payables” mainly includes the tax debts the Parent company owes to the National Treasury. These payables refer to employment withholding taxes held from employees and independent contractors pays for a total amount of EUR 177,552, to IRES for EUR 1,260,393 and to IRAP for EUR 159,008. The item also includes the withholding tax revaluation under Decree-Law 104/20 for EUR 14,885 and the VAT liability generated by e-commerce sales for EUR 18,419. The amount of EUR 918,449 relates to the debt that foreign companies have accrued towards the Treasury.

The distribution of payables by geographical area is insignificant.

ACCRUED EXPENSES AND DEFERRED INCOME

	VALUE AT THE START OF THE YEAR	CHANGE OVER THE YEAR	VALUE AT THE END OF THE YEAR
Accrued liabilities	70,696	18,091	88,787
Deferred liabilities	23,042	142,753	165,795
Total accrued and deferred income	93,738	160,844	254,582

The item is broken down as follows.

Description	AMOUNT
tax credit ex L. 160/19	165,795
credit insurance SACE	49,203
Commission on loan for use	23,008
others of immaterial amount	15,869
Branch's costs	707
Total	254,582

Other non-relevant accrued expenses and deferred income refer to the combining of insurance costs, interest and commission on loan gold for use for the year.

It should also be noted that accruals and prepayments over five years amount to EUR 22,650.

A) PRODUCTION VALUE

The item is broken down as follows:

Description	31/12/2022	31/12/2021	CHANGES
revenues from sales and services	62,161,398	40,306,786	21,854,612
changes in stocks of unfinished, semi-finished and finished products	794,639	(445,662)	1,240,301
Total other incomes and revenues	590,183	401,613	188,570
Total	63,546,220	40,262,737	23,283,483

The revenue distribution percentage by geographical area is listed as follows:

Revenue by area	%
Customers Italy	10.58%
Customers EU Area	33.33%
Customers outside Europe	56.09%

Revenue from the sales of products is recognised at the time of the risks and benefits transfer, which is normally identified with the delivery or shipment of the goods.

Revenue of financial nature and that deriving from service delivery is recognised on an accrual basis.

Revenue and income, costs and charges related to foreign currency transactions are calculated at the rate ruling on the date the related transaction took place.

The allocation of revenue by category is insignificant.

For the detailed description of the increase in the production value as well as the subsequent section referring to Production costs, refer to that highlighted in the Consolidated Report on Operations.

B) PRODUCTION COSTS

The item is broken down as follows.

Description	31/12/2022	31/12/2021	CHANGE DURING THE YEAR
raw materials, consumables, supplies and goods	30,208,456	17,717,484	12,490,972
changes in raw materials, supplies, consumables and goods	(2,820,040)	(1,942,150)	(877,890)
for services	14,973,889	11,242,107	3,731,782
for use of third party assets	568,930	480,831	88,099
salaries and wages	3,259,212	2,852,648	406,564
social security contributions	834,139	703,538	130,601
employees' severance indemnity	283,988	175,483	108,505
other costs	199,021	5,228	193,793
depreciation of intangible fixed assets	800,276	776,195	24,081
depreciation of tangible fixed assets	1,118,839	1,130,520	(11,681)
other value adjustments			
write-downs of receivables included in current assets and cash available	61,265	71,778	(10,513)
provisions for risks			
other provisions			
sundry operating charges	147,149	168,580	(21,431)
Total	49,635,124	33,382,242	16,252,882

The increase in the costs for raw materials, supplies, consumables and goods and the costs for services are closely related to that set out in the Consolidated Report on Operations and the developments of point A (Production value) of the Income Statement.

The item "Use of third-party assets" includes the rent for flagship stores and showrooms.

The item "Staff costs" includes the entire cost for employees including merit-based pay raise, promotions, cost of living increases, cost of holiday not taken and legal provisions and those of collective agreements.

With regard to depreciation, it is specified that it has been calculated based on the useful life of the asset and its use in the production phase.

The write-down of loans included in current assets amounted to EUR 61,265, and has been calculated based on the criteria of prudence.

FINANCIAL INCOME AND CHARGES

The tables below illustrate the nature and amount of financial income and charges recognized over the year.

	FINANCIAL INCOME
From holdings in subsidiaries	
From holdings in other companies	5,246
Income other than the previous income	31,006
Total	36,252

The income that differs from the previous income is related to interest income.

	INTEREST AND OTHER FINANCIAL CHARGES
From bonds	
From payables to banks	101,973
From others	15,682
Total	117,655

PROFIT AND LOSSES ON EXCHANGE

	PROFIT ON EXCHANGE	LOSS ON EXCHANGE	NET BALANCE
Realized component	927,532	1,193,120	(265,588)
Unrealized component	123,292	529,761	(406,469)
Total	1,050,824	1,722,881	(672,057)

INCOME TAX FOR THE YEAR

Taxes	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021	CHANGES
current taxes	3,741,862	2,201,690	1,540,172
IRES (corporation tax)	3,006,723	1,761,899	1,244,824
IRAP (regional income tax)	519,839	360,996	158,843
Leasing taxes		167	(167)
Current taxes Fope Usa inc	122,318	34,378	87,940
Current taxes Fope Jewellery ltd	92,982	44,250	48,732
Taxes referred previous years	(1,266,003)	(32,241)	(1,233,762)
Deferred (prepaid) taxes	(150,385)	(369,208)	218,823
IRES (corporation tax)	(125,739)	3,754	(129,493)
IRAP (regional income tax)	533	(6,387)	6,920
Other (prepaid) deferred taxes	4,962	7,168	(2,206)
Deferred (prepaid) taxes from consolidation adjustments	(30,141)	(373,743)	343,602
Total	2,325,474	1,800,241	525,233

Taxes are set aside on an accruals basis; they therefore represent:

Accruals for taxes paid or outstanding for the year, determined in accordance with the rates and regulations in force;

The amount of deferred or prepaid taxes calculated based on the rates in force at the time in which the temporary differences are transferred.

Deferred tax asset and liability rates for the year are directly recognised in the Income Statement, with the exception of those relating to items directly recognised in shareholders' equity, in which case, the related deferred taxes are also recorded at the same time, without being recognised in the Income Statement.



DEFERRED/PRE-PAID TAXES

In order to better highlight the reconciliation between the theoretical tax dues and the actual tax dues recognised in the financial statements, represented below is the reconciliation of the theoretical tax rate consolidated with the actual rate for the year compared with that on 2021 December 31.

	31/12/2022		31/12/2021	
	TAXABLE	TAXES	TAXABLE	TAXES
Pre-tax profit for the year (parent company)	12,419,401		7,749,878	
IRES - Theoretical tax burden (rate 24%)		(2,980,656)		(1,859,971)
IRAP - Theoretical tax burden (rate 3,9% on EBIT)		(470,902)		(302,887)
Total taxes		(3,451,558)		(2,162,858)
Theoretical tax rate		-27.79%		-27.91%
IRES differences				
Changes permanently increasing	121,931	(29,263)	189,962	(45,591)
Changes increasing that feed deferred tax assets	623,996	(149,759)	248,076	(59,538)
Changes increasing that adjust deferred taxes	160,150	(38,436)	24,112	(5,787)
Total increases	906,077	(217,458)	462,150	(110,916)
Changes permanently decreasing	(608,308)	145,994	(582,953)	139,909
Changes decreasing that adjust deferred tax assets	(158,659)	38,078	(127,679)	30,643
Changes decreasing that feed deferred taxes	(30,503)	7,321	(160,150)	38,436
Total decreases	(797,470)	191,393	(870,782)	208,988
IRAP differences				
Staff cost	232,294	(9,059)	321,093	(12,523)
Provision and write-down credits				
Other changes permanently increasing	1,114,088	(43,449)	1,142,025	(44,539)
Total changes increasing that feed deferred assets	72,012	(2,808)	72,012	(2,808)
Total changes increasing	1,418,394	(55,317)	1,535,130	(59,870)
Changes permanently decreasing	(78,292)	3,053	(36,942)	1,441
Changes decreasing that adjust deferred tax assets	(85,317)	3,327	(8,225)	321
Total changes decreasing	(163,609)	6,380	(45,167)	1,762
Total current IRES taxes		(3,006,722)		(1,761,899)
Total current IRAP taxes		(519,839)		(360,995)
Relief ex art. 24 DL 34/2020		1,266,003		32,241
Taxes from previous financial year		(215,300)		(78,627)
Taxes payable by foreign subsidiaries		(98)		(168)
Tax effect leasing accounting		125,303		2,633
Deferred (prepaid) taxes parent companies		(4,962)		(7,168)
Deferred tax assets foreign subsidiaries		30,141		373,743
Total taxes for the year		(2,325,474)		(1,800,240)
Profit for the year before taxes (consolidated)		13,157,636		7,749,878
Effective tax rate		18.72%		23.23%

The tax rate reduction is essentially attributable to the fact that the tax rate was entered in the accounts “Textile fashion and accessories bonus” - under Article 48-bis of Legislative Decree 34/2020 - payable to the company for increases in final inventories recorded in the years 2020 and 2021.

The benefit was entered under item 20 of the Income Statement “Taxes relating to previous financial years”, reducing the tax cost of the reporting year, as its viability became certain only after the approval of the Decree Law of 21 March 2022 (so-called “Ukraine” Decree Law), which effectively eliminated the deadlines for its use.

Regarding the calculation and measurement methods of deferred/pre-paid taxes, refer to that described in the introductory part of these Notes to the Financial Statements.

The financial statements as of 31 December 2022 have been prepared in accordance with the indirect method as provided by OIC 10, by adjusting the operating profit reported in the Income Statement.

During the financial year 2022 cash flows were produced totalling EUR (465,905). Cash and cash equivalents went from EUR 11,987,442 at the previous year-end to EUR 11,521,537 at 31 December 2022.

A) Cash flows arising from operating activities

The Group closed the year 2022 with a net profit for the year amounting to EUR 10,832,162 (EUR 5,029,555 at 31 December 2021). Taxes for the year amounted to EUR 2,325,474, please refer to the specific commentary section of the Notes to the Financial Statements.

The cash flow resulting from operating activities, which highlights the liquidity that the Group's operating activities generated or absorbed (consisting of a normal operating process), is positive at EUR 5,324,116, down compared to the close of the previous financial year when it amounted to EUR 5,734,944.

Among the adjustments for non-monetary items that have not had a counterpart in net working capital, the following are highlighted:

- Provision for funds amounting to EUR 669,855, refer to the provisions in the customer indemnity fund, the deferred tax fund and other funds.
- Depreciation and write-downs of fixed assets, amounting to EUR 1,919,114, a decrease with respect to the previous year-end.

Changes to net working capital amounted to a total of EUR (7,094,800) and, in particular, an increase was noted of trade receivables, greater than the increase in trade payables.

The other adjustments are negative and amount to EUR 3,414,340, mainly relating to income taxes paid and the use of funds.

B) Cash flows arising from investment activities

Cash flows arising from investing activities, which highlight the liquidity that activities inherent to investment generated or absorbed (i.e. new acquisitions or divestments) are negative and amount to EUR 3,268,512.

The negative result is mainly due to investments made by the Group in tangible and intangible fixed assets.

C) Cash flows arising from financial activities

Cash flows arising from financial activities, which highlight the liquidity that was generated or absorbed by activities inherent to loans (i.e. the use of new loans or the repayment of payables and loans) is negative amounts to EUR 2,521,509.

With reference to third-party funds, it is reported that new loans amounting to EUR 4,000,000 were taken out and loans were repaid amounting to EUR 4,356,236.

In detail, during the financial year 2022 the Parent Company took out new loans, mainly to cover the investment activities described above.

With reference to the flows arising from own funds, it should be noted that in the financial year dividends were distributed amounting to EUR 2,429,824 and the remaining profit was carried over to equity reserves.

INFORMATION ON THE FAIR VALUE OF FINANCIAL DERIVATIVES

In compliance with the provisions of art. 2427 bis of the Civil Code, the following information is provided.

Derivative	PURPOSE	UNDERLYING RISK	FAIR VALUE AT 31/12/2022	FAIR VALUE AT 31/12/2021	CHANGE
Commodity swap	HEDGING DERIVATIVE	PRECIOUS METALS	(277,774)	792,748	(993,024)
Currency option	HEDGING DERIVATIVE	USD/EUR FOREX	(63,790)	2,245	(50,725)
Interest Rate Swap	HEDGING DERIVATIVE	INTEREST RATE	110,509	(21,931)	105,918

The Company performs forward hedging on currency risks arising from its commercial activities, in order to protect the industrial operating profit from unfavourable fluctuations in exchange rates and prices of strategic raw materials.

The Company therefore uses derivatives within the scope of its “risk management” activities while derivatives or the like are not used and held for the mere purpose of negotiation.

COMMODITY PRICE RISK

The objective of this type of hedge is to minimise the change to cash flows generated by the purchase of the raw materials used in the production process. In order to stabilise the purchase price, the Company fixes the price once the metal has been removed with financial hedging operations. The operations, which do not last more than 24 months, are carried out in rotation for a share of the requirement calculated based on the Company's budget.

EXCHANGE RATE RISK

The Company, operating at international level, is exposed to the exchange rate risk associated with different currencies, including primarily the US dollar and the British pound. The exchange rate risk arises from commercial transactions linked to normal operations and stems from exchange rate fluctuations between the moment in which the commercial relationship is established and the moment of collection.

INTEREST RATE RISK

In order to manage the interest rate risk associated with medium-/long-term borrowing, at 31 December 2022, the Company has some Interest Rate Swap operations, that allow the financing to be transformed from a variable rate to a fixed rate. This instrument provides notional values and maturities aligned with those of the underlying financing hedged.

OTHER INFORMATION

INFORMATION RELATING TO FEES PAYABLE TO THE STATUTORY AUDITOR

	VALUE
Statutory audit of the Fope Spa annual accounts	35,198
Statutory audit of the Fope Jewellery Ltd annual accounts	19,120
Statutory audit of the Fope Usa Inc annual accounts	22,853
Tax advisory services	
Other verification services	1,700
Services other than audit services	18,000
Total fees due to the statutory auditor or audit firm	96,871

The assignment for the statutory audit of the consolidated accounts has been entrusted to the auditing company BDO ITALIA S.p.a.

Other services other than auditing refer to cost certification and other consulting activities.

INFORMATION RELATING TO THE FEES PAYABLE TO DIRECTORS AND STATUTORY AUDITORS

Pursuant to the law, the total fees payable to Directors and members of the Board of Statutory Auditors of the parent company, including those for the carrying out such functions also in other companies included in the consolidation, are highlighted.

	DIRECTORS	AUDITORS
Fees	918,719	36,804

It should be noted that there are no advances, loans and guarantees in respect of Directors and Statutory Auditors.

INFORMATION RELATING TO FINANCIAL FIXED ASSETS ENTERED AT A VALUE HIGHER THAN THE FAIR VALUE

Financial fixed assets are not entered in the financial statements at a value higher than their fair value.

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

No significant transactions took place between Group companies and related parties.

EXCEPTIONAL INCOME OR EXPENSE ITEMS

In accordance with that provided for by number 13, paragraph 1, of art. 2427, it is noted that the Income Statement does not include income or expense items that impact on the profit for the year, they are not repeatable over time.

OFF-BALANCE SHEET ARRANGEMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE BALANCE SHEET

Group companies do not have any agreements that do not appear in the Balance Sheet.

Commitments made by the parent company to third parties are related to the value of gold on loan for use amounting to EUR 11,749,378.

PUBLIC UTILITY PROVISION REPORTING

With the rules on the transparency of public payments introduced by Article 1(125-129) of Law No. 124/2017 and subsequently supplemented by the Decree-Law "Security" (No. 113/2018) and by Decree-Law "Simplification" (No. 135/2018), a number of disclosure and transparency obligations have been introduced for companies that have economic relations with public authorities or other public entities.

According to the regulations, companies are required to publish in the notes to the annual financial statements public payments received from 1 January 2018 onwards, where public payments are to be understood as "grants, contributions, remunerated assignments and, in any case, financial benefits of any kind" directed to a particular company outside its activity, if managed according to market rules.

Both according to Assonime Circular No. 5 "Business activities and competition", published on 22 February 2019, and according to the opinion of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili [Italian National Board of Chartered Accountants and Accounting Experts], published in March 2019, commenting on the above rules, "the scope of the law does not include measures aimed at general enterprises (such as tax concessions), as these are advantages not directed to a specific company."

In view of the above, during 2022 Fope S.p.A. benefited from:

- tax credit on final warehouse inventories in the textile, fashion and accessories sector (art. 48-bis of Legislative Decree 34/2020, converted with amendments by Law 77/2020) totalling EUR 1,250,417;
- tax credit for investments in design and aesthetic design activities incurred in the financial year 2021 (art. 1 para. 198 - 209 of Law 160/2019, as amended by art. 1, paragraph 1064 of Law 178/2020 and art. 1, paragraph 45 of Law 234/2021; DM 26/05/2020) totalling EUR 55,611;
- tax credit on advertising investments incurred in the financial year 2021 (art. 57-bis of Legislative Decree No. 50/2017, converted with amendments by Law no. 96/2017; Decree of the President of the Council of Ministers 16 May 2018, No. 90) totalling EUR 4,478.

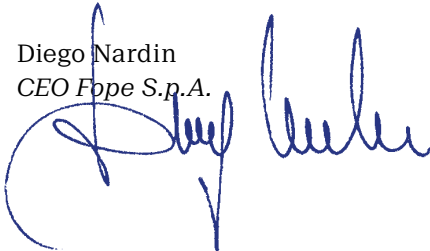
Pursuant to art. 2427 No. 22c of the Italian Civil Code, it should be noted that in 2023 work began on the construction of the Ginza Fope Boutique in Tokyo, which is scheduled to open in June 2023. The ambitious project aims to bring the Fope brand to another location of international standing, like London, through its own boutique, in order to achieve a high brand awareness effect also in the Japanese market, on which the Group continues its commercial development and marketing activities aimed at increasing its presence in the country. The project was carried out in partnership with a major jewellery group in Tokyo.

Fope S.p.A. intervened to financially support part of the investment required for the construction of the boutique, the design of which was carried out by the Italian architect Flavio Albanese of ASA, who interpreted and combined the standards of Fope image with the elegance of the Japanese style.

The operational management of the boutique and the related costs, as well as all the customer reception services, are entrusted to and the responsibility of the local partner.

The consolidated Financial Statements, comprising the Balance Sheet, the Income Statement and the notes to the financial statements, represent a true and accurate representation of the assets and liabilities and financial situation as well as the economic performance and correspond with the findings in the regularly kept accounting records of the parent company and the information provided by the companies included in the consolidation.

Diego Nardin
CEO Fope S.p.A.





AUDITOR'S REPORT



FOPE S.p.A.

Relazione della società di revisione
indipendente ai sensi dell'art.14 del
D.Lgs. 27 gennaio 2010, n. 39

Bilancio consolidato al 31 dicembre 2022



MTR/EBR/SRB-RC058142022BD1367



Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

Agli Azionisti di
FOPE S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile dell'allegato bilancio consolidato del Gruppo FOPE S.p.A. (il "Gruppo"), costituito dallo stato patrimoniale consolidato al 31 dicembre 2022, dal conto economico consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione.

Siamo indipendenti rispetto alla FOPE S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli Amministratori e del Collegio sindacale per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo FOPE S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722760967 - R.E.A. Milano 1977842

iscritta al Registro dei Revisori Legali al n. 147911 con D.M. del 15/03/2013 G.U. n. 25 del 02/04/2013

BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli amministratori della FOPE S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del Gruppo FOPE S.p.A. al 31 dicembre 2022, incluse la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.


Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del Gruppo al 31 dicembre 2022 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo al 31 dicembre 2022 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Verona, 12 aprile 2023

BDO Italia S.p.A.


Marco Giuseppe Troiani
Socio

VICENZA

FOPE

DAL 1929