

ofle

Control Cables & Systems

RELAZIONE
FINANZIARIA
SEMESTRALE
GIUGNO 2023



CONTENTS

COMPANY INFORMATION	3
COMPANY BODIES	4
REPORT ON OPERATIONS	6
THE GROUP'S BUSINESS	6
THE GROUP'S STRUCTURE	7
MAIN EVENTS AND TRANSACTIONS IN THE FIRST HALF OF 2023	9
MACROECONOMIC CONTEXT AND INDUSTRY	9
PERFORMANCE OF OPERATIONS	11
RESEARCH AND DEVELOPMENT	14
OWN SHARES OR QUOTAS OR SHARES/QUOTAS OF PARENTS	15
RISKS AND UNCERTAINTIES	15
RELATED PARTY TRANSACTIONS	16
POST-BALANCE SHEET EVENTS	17
OUTLOOK	17
FINANCIAL STATEMENTS	18
CONSOLIDATED INTERIM BALANCE SHEET	19
INTERIM PROFIT AND LOSS ACCOUNT	22
INTERIM STATEMENT OF CASH FLOWS	23
NOTES TO THE FINANCIAL STATEMENTS	25

COMPANY INFORMATION

REGISTERED OFFICE OF THE PARENT

Cofle S.p.A. – via del Ghezzo 54 – 20056 Trezzo sull’Adda (Milan) – Italy

Tel. +39 02 920 0201

www.cofle.it

INFORMATION ABOUT THE PARENT

Approved share capital €615,599.60 fully paid up

Tax code and Milan Monza Brianza Lodi company registration no.: 05086630158

Milan Monza Brianza Lodi REA no. 1145178

OFFICES AND PRODUCTION SITES

Trezzo sull’Adda – Via del Ghezzo 54 (Headquarters, OEM Industrial Division)

Pozzo d’Adda – Via del Lavoro 1 (After Market Division)

Istanbul - Gazi Bulvari Cad. no. 42

Istanbul - Kimyacilar OSB, Organik Cd. no. 25

Sete Lagos - Av. Prefeito Alberto Moura, 200B

Chennai - no. 39 & 40, Sidco Industrial Estate

Zhejiang - no. 9 Huajia Rd. Diankou Town

COMPANY BODIES

BOARD OF DIRECTORS ¹

CHAIRMAN	WALTER BARBIERI
MANAGING DIRECTOR	ALESSANDRA BARBIERI
DIRECTOR	SILVIO BENEDETTI
DIRECTOR	SERGIO BUONCRISTIANO
INDEPENDENT DIRECTOR	ENRICO MAMBELLI

BOARD OF STATUTORY

CHAIRMAN GIUSEPPE ROTA

AUDITORS ²

STANDING AUDITOR	ARTURO CARCASSOLA
STANDING AUDITOR	UGO PALUMBO
ALTERNATE AUDITOR	PIETRO LONGARETTI
ALTERNATE AUDITOR	LUCA PERICO

INDEPENDENT AUDITORS ³

BDO ITALIA S.P.A.

EURONEXT GROWTH

BANCA PROFILO S.P.A.

ADVISOR

¹ Until the approval of the financial statements at 31 December 2023 – appointed as per the deed dated 19 October 2021

² Until the approval of the financial statements at 31 December 2023 – appointed as per the deed dated 09 November 2021

³ Until the approval of the financial statements at 31 December 2024 – appointed as per the deed dated 29 April 2022



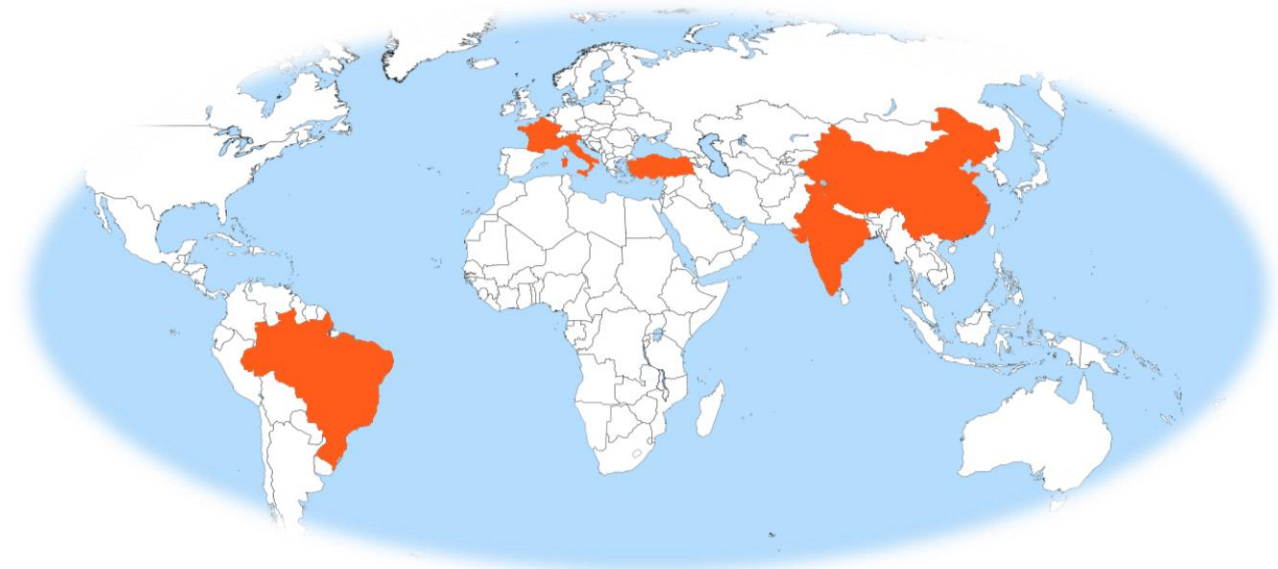
REPORT ON OPERATIONS

Dear shareholders,

This report has been prepared in accordance with article 2428 of the Italian Civil Code and accompanies the consolidated interim financial statements as at 30 June 2023. This report gives a true, fair and comprehensive description of the Group, of its performance and result of operations, as a whole and in the various sectors in which it operates.

THE GROUP'S BUSINESS

The Group designs, produces and sells worldwide control cables and remote control systems for the off-road vehicle, automotive and automotive after-market sectors. Thanks to its international profile it operates globally.

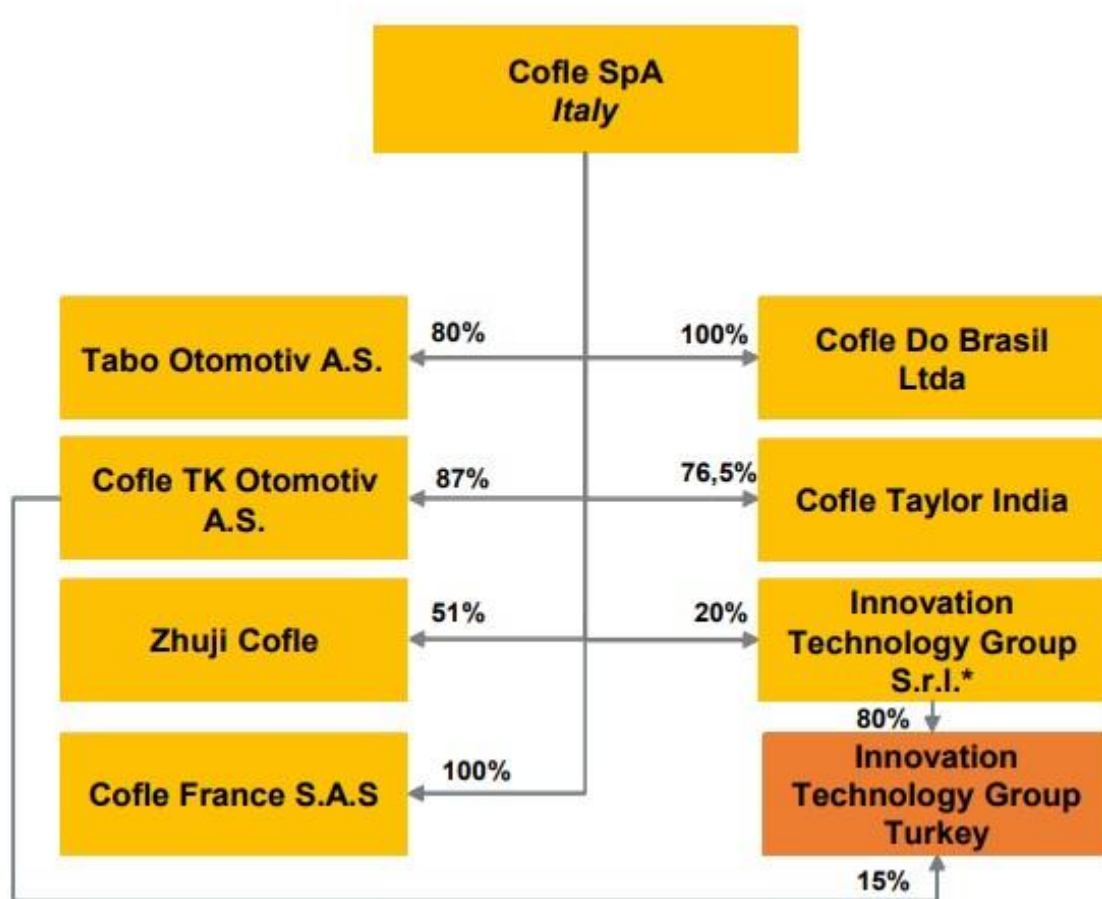


It has two divisions:

- the Original Equipment (**OE**) division through which it manufactures a wide range of highly customised products for customers who install the components on the products sold: through its products, the Group deals with customers operating in the agricultural sector, earth-moving and commercial vehicles and the premium automotive sector;
- the Independent After Market (**IAM**) division which manufactures Cofle-branded components such as control cables, brake hoses or EPBs with the same quality as the original for the automotive sector.

THE GROUP'S STRUCTURE

The Group's organisational chart and the percentage of ownership is shown below:



COFLE S.P.A.

Cofle S.p.A. was established in 1964. Its first production line focused on the production of original equipment (OE) cables for major Italian brands. In the '70s, the company began operating on a more industrial scale. In the '80s, Cofle set up its headquarters in Trezzo sull'Adda, acquiring the current facility which, thanks to its vertical production system, enabled it to become an all in-house company. During these years, the company began manufacturing cables for the Aftermarket division which, in the '90s, led to the construction of a warehouse in Pozzo d'Adda, for the customisation and distribution of Aftermarket products. In the '90s, the company began an internalisation process by selling directly to foreign markets. In the new millennium, the international expansion led to the incorporation of the Group, setting up or holding controlling investments in companies located in several countries around the world.

Cofle S.p.A. share capital currently consists of 6,155,996 ordinary shares:

Shareholder	Ordinary shares	Share capital	% of share capital
Valfin S.r.l.	4,827,056	482,706	78.41%
Smart Agri S.r.l.	235,265	23,527	3.82%
Independance Et Expansion Sicav	131,798	13,180	2.14%
Lupus Alpha Fonds	125,000	12,500	2.03%
Market	836,877	83,688	13.60%
SHAREHOLDING STRUCTURE	6,155,996	615,600	100%

holdings per ISIN as at 23/06/2023

COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

COFLE INDÚSTRIA E COMÉRCIO LTDA DO BRASIL

Set up in 2016, Cofle industria e comercio do Brasil Ltda is based in Sete Lagoas. This company operates mainly with the OE division and has a warehouse of about 2,000 square metres with a production capacity of about 0.45 million units.

COFLE FRANCE SAS

Cofle France S.a.s. was set up in the second half of 2022 in order to acquire a share in the French, Spanish, Portuguese and Benelux markets for both the IAM and OE divisions.

COFLE TAYLOR INDIA

Set up in 2018 through a joint venture, Cofle Taylor India control cables & systems private Ltd is based in Chennai. This company primarily provides manufacturing support for the Group's Aftermarket division. In 2023, the subsidiary began its first direct deliveries to domestic OE customers.

COFLE TK OTOMOTIV KONTROL SISTEMLERİ SAN VE TIC. A.Ş

Set up in 2010, Cofle Tk Otomotiv Kontrol Sistemleri Sanayi A.Ş. is based in Istanbul. This company contributes significantly to the turnover of the OE division and has two warehouses covering a total area of approximately 4,000 square metres with a production capacity of about 2.25 million units.

TABO OTOMOTIV MAK.SAN VE TIC A.Ş

Set up in 1996, Tabo Otomotiv Makina Sanayi ve Ticaret A.Ş. is based in Istanbul. This company contributes significantly to the turnover of the IAM division and has a warehouse covering a total area of approximately 4,000 square metres with a production capacity of about 3 million units.

ZHUJI COFLE MECHANICAL CONTROL SYSTEM CO., LTD

Set up in 2006 through a joint venture, Zhuji Cofle mechanical control systems company Ltd is based in Zhejiang. This company acts mainly as a representative office for the Group's OE division.

ASSOCIATES

INNOVATION TECHNOLOGY GROUP S.R.L.

In 2019, the Group acquired 20% of the innovative start-up I.T.G. S.r.l., an engineering company specialising in the development of new product and process ideas and solutions that anticipate new technological trends for the automotive and farm equipment sector.

INNOVATION TECHNOLOGY GROUP TURKEY

Set up in the second half of 2022 as part of a joint venture between I.T.G. S.r.l., Cofle Tk and local management, I.T.G. Turkey designs innovative solutions for the off-road vehicle sector in Turkey.

MAIN EVENTS AND TRANSACTIONS IN THE FIRST HALF OF 2023

The first half of 2023 was characterised by major investments by the Group, in particular by the parent company and the Turkish subsidiary Cofle TK.

In May 2023 the parent company concluded a €2.4 million property investment for the purchase of an estate consisting of two warehouses with a covered surface area of over 3,000 metres, located near the Milan-Venice motorway, in order to create a state-of-the-art logistics hub, in which scheduling will be managed by artificial intelligence, optimising delivery times.

The subsidiary Cofle TK, instead, made major investments in machinery and robotised plants to increase production capacity as well as investments in the strategic electronics production department so as to produce electronic components in-house.

MACROECONOMIC CONTEXT AND INDUSTRY

During 2022, global growth slowed down substantially in both advanced and emerging market economies. The sharp hikes in food, fertiliser and energy prices, following Russia's invasion of Ukraine, compounded the already substantial increases in 2021, driving overall inflation significantly up in almost all countries and making real incomes drop. The significant tightening of monetary policy by almost all major central banks made interest rates soar and started to weigh on interest-sensitive expenditure components. Economic

indicators in early 2023 improved, with global GDP growth reaching an annualised rate of just above 3% in the first quarter, despite conflicting results across countries. Growth recovered in Brazil, China, India and Japan, but slowed down in the US. The euro area and the UK posted only a modest increase in production. The improvement in the first part of the year is partly due to lower energy prices and a better outlook for China. Energy commodity prices have fallen sharply since last summer, with particularly the price of natural gas dropping significantly, especially in Europe. Spot oil and coal prices have also fallen from the highs reached after the invasion of Ukraine last year, reducing the pressure on households and businesses. However, prices generally remain higher than pre-pandemic prices. Core inflation has decreased in most economies in recent months due to lower energy prices, although food and service prices have continued to increase rapidly. However, core inflation remains stubbornly high in many countries. In the euro area, GDP growth is expected to slow to 0.9% in 2023 before gradually reaching 1.5% in 2024. Private consumption will be sustained by strong labour markets, though higher financing costs and uncertainty will weigh on private investment. Tension in the labour market will continue to fuel wage growth in 2023, before wages start to go down gradually in 2024. Lower energy and food prices will contribute to reducing overall inflation in 2023, though core inflation will remain high.

In addition to euro area inflation, the Group is also affected by inflation in Turkey. The Turkish economy is expected to grow by 3.6% in 2023 due to declining exports, while domestic demand will remain the main driver of growth, supported by the authorities' macroeconomic policies which should continue to provide the necessary support to earthquake-affected people and low-income households hit by the higher cost of living. However, inflation will remain high until late 2023 due to high wage growth and the cost of living in general.

Looking specifically at the sectors where the Group operates, registrations of agricultural machinery in the euro area in the first half of 2023 showed varied trends. Italy recorded a -8.5% drop in registrations and this negative result might continue until the end of the year. Germany, instead, is Europe's largest market and posted a 5.5% increase in registrations, linked to the high-power segment. Also In France registrations went up by 4.7%, driven by a sales boom in June. Turkey also showed positive signs, with domestic sales recording significant increases, especially in May; in any case, the trend was also confirmed in the following months. Negative registration figures, instead, were posted by Spain (15.7%), Austria (11.6%) and Norway (6.5%).

PERFORMANCE OF OPERATIONS

Consolidated turnover in the first half of 2023, including the impact of Turkey's hyperinflation, posted double-digit growth compared to the same period of last year (over €32 million, +17% compared to June 2022). The After Market division substantially recovered in the Eastern European market, thanks to an increase in direct exports from our plant in Turkey, offsetting the losses of indirect exports to those countries, made by our major German and British players. Likewise, the OE division posted significant growth, supported by the increase in agricultural mechanisation due to the quest for greater food independence and precision farming by countries all over the world. As is known, the Group is affected by inflation in Turkey; to limit its effect on production costs, the prices reported in the price list were increased in May and June. In the course of the previous period, the Turkish economy was considered by the International Monetary Fund (IMF) as a "hyperinflationary" economy; therefore, also for the period ending 30 June 2023, the international accounting standard "IAS 29 - Financial Reporting in Hyperinflationary Economies" was applied to eliminate the distorting effects of inflation. Taking into account the consumer price index, the accounting effects of the re-measurement of non-monetary assets and liabilities, equity items and profit and loss items recognised in the first half of 2023, were entered in a separate profit and loss item under financial income and charges. The general consumer price index at the end of the period was 1,351.59, up by approximately 20% compared to 31 December 2022. In addition, to take into account the impact of hyperinflation also on the local currency exchange rate, the balances of profit and loss accounts in hyperinflationary currencies were converted to euro, applying the final exchange rate (1€ = 28.3193 TRY) rather than the average exchange rate for the period (1€ = 21.5444 TRY), in line with IAS 21's requirement to report such amounts at current values.

In the first half of 2023, the application of the said standard resulted in the recognition of a pre-tax financial charge in the amount of €1.8 million.

The impact of hyperinflation on the main profit and loss account items in the first half of 2023 is shown below:

€	Effect of Hyperinflation IAS 29	Effect of Hyperinflation on exchange rate IAS 21	Total Effect
Operating revenues and profit	1,306,469	(4,488,142)	(3,181,673)
Operating costs	668,144	(3,903,141)	(3,234,997)
Gross operating margin (EBITDA)	638,325	(585,002)	53,324
Operating income (EBIT)	605,603	(290,571)	315,032
Pre-tax profit (loss) (EBT)	(1,169,234)	(570,872)	(1,740,107)
Net profit (loss) for the period	(1,306,697)	(441,499)	(1,748,196)

For the purposes of comparing the Group's performance with the same period of the previous year, it should be underlined that the results of operations for the first half of 2022 did not include the impact of the hyperinflation accounting standard; in other words, the consolidated profit and loss account for the first half of 2023 also reflects the accounting effects reported above.

€	30/06/2023	30/06/2022
PRODUCTION REVENUES	30,782,090	28,768,055
Raw materials, consumables, supplies and goods	13,358,691	12,694,475
Services	5,974,566	5,320,569
Use of third-party assets	701,280	601,899
Personnel expenses	6,743,552	5,625,098
Change in raw materials	(1,176,085)	(2,035,405)
Other operating costs	945,762	517,231
EBITDA (gross operating profit)	4,234,324	6,044,188
Amortisation, depreciation and write downs	1,498,208	1,194,260
Provisions for risks	0	0
EBIT (operating profit)	2,736,117	4,849,928
Financial income	118,979	42,419
Financial charges	(783,730)	(448,049)
Income (charges) from hyperinflation	(1,843,613)	0
Currency adjustments	1,421,887	289,264
PRE-TAX PROFIT	1,649,639	4,733,562
Income taxes	801,705	1,363,602
NET PROFIT (LOSS) FOR THE PERIOD	847,934	3,369,960

As at 30 June 2023, the Group's production revenues amounted to €30,782,090, of which €29,740,621 relating to sales and services and €668,921 to other revenues and income. Despite the negative economic effects of hyperinflation, which had a more than €3 million accounting impact on the turnover for the period, production revenues increased by about 7% compared to the same period of the previous year due to the increase in turnover during the period, particularly in the euro area.

Therefore, both business lines posted increases: compared to the same period of the previous year, the OE division posted growth of about 10%, while the IAM division posted growth of about 5%.

The Group's export-oriented profile is confirmed by the over 300 customers located in about 40 countries, mainly customers based in Europe, and a smaller volume of sales to customers in the United States, Mexico, Argentina, China and Brazil.

Operating costs for the period totalled €26,547,766, up 17% over the previous half-year due to higher labour costs, the renegotiation of collective agreements of the Turkish subsidiaries, and higher purchases of raw materials to support the higher turnover for the period.

This had a negative impact on EBITDA, which amounted to €4,234,324, i.e. 14% of production revenues.

<i>Profitability ratios</i>	<i>Meaning</i>	30/06/2023	30/06/2022
Return on sales (R.O.S.):			
Operating profit for the period / Net revenues for the period	Profitability of sales	9.20%	16.86%
Return on investment (R.O.I.):			
Operating profit / Invested capital for the period	Overall efficiency of corporate businesses within the Group	4.35%	9.21%
Return on Equity (R.O.E.):			
Net profit (loss) for the period / Net equity	Remunerative capacity for those who contributed with capital	3.09%	12.29%

The reclassified consolidated balance sheet may be analysed as follows:

€	30/06/2023	31/12/2022
Intangible fixed assets	3,635,876	4,177,422
Tangible fixed assets	10,072,302	6,957,389
Financial fixed assets	394,395	320,251
TOTAL NON-CURRENT ASSETS	14,102,573	11,455,063
Inventory	13,266,177	14,065,613
Receivables due within one year	17,458,716	16,113,617
Prepayments and accrued income	697,857	658,015
Liquid funds	17,376,552	20,319,815
TOTAL CURRENT ASSETS	48,799,302	51,157,060
TOTAL INVESTMENTS	62,901,875	62,612,123

In line with 2021, the Group's capital is mainly invested in current assets.

€	30/06/2023	31/12/2022
Capital and reserves	26,565,977	26,988,830
Net profit (loss) for the period	847,934	2,648,071
TOTAL NET EQUITY	27,413,911	29,636,901

Provisions for risks and charges	1,128,150	1,149,362
Employees' leaving entitlement	614,785	628,516
Payables due after one year	19,459,318	15,834,235
Accrued expenses and deferred income	720,382	636,122
TOTAL CURRENT LIABILITIES	21,922,634	18,248,235
Payables due within one year	13,565,330	14,726,987
TOTAL CURRENT LIABILITIES	13,565,330	14,726,987
TOTAL SOURCES	62,901,875	62,612,123

The analysis of the Group's liquidity and solidity is based on the following ratios:

<i>Equity to fixed assets ratio</i>	<i>Meaning</i>	<i>30/06/2023</i>	<i>31/12/2022</i>
Own funds to fixed assets ratio Net equity / Fixed assets	Capacity to self-finance fixed investments	1.94	2.59
Secondary structure quotient: Net equity + Consolidated liabilities/ Fixed assets	Capacity to cover investments with equity and debt capital	3.50	4.18

<i>Financial and equity ratios</i>	<i>Meaning</i>	<i>30/06/2023</i>	<i>31/12/2022</i>
Leverage (financial dependence): Invested capital / Net equity	It expresses the intensity of borrowing to hedge invested capital	2.29	2.11
Investment flexibility: Current assets / Invested capital	It measures the incidence of current assets on invested capital	77.58%	81.70%
Gearing ratio: Third party funds / Net equity	It represents the level of borrowing from third parties, taking account of own funds	1.29	1.11

RESEARCH AND DEVELOPMENT

The Group's research and development policies are aimed at producing highly specialised and innovative products. The OE division's research and development activities rely on co-engineering principles, collaborating with customers' R&D in order to create prototypes. On the other hand, the research and development activities of the IAM division are based on reverse-engineering principles, i.e, starting from the analysis of the technical features and raw materials of the original product to subsequently manufacture an equivalent product in terms of technical features and design. Research and development activities are conducted at both the Italian and the Turkish facility of the subsidiary Cofle TK Otomotiv, which has a designer centre responsible for developing new products for the OE market.

OWN SHARES OR QUOTAS OR SHARES/QUOTAS OF PARENTS

Pursuant to article 40.2, letter d), of Legislative decree no. 127/91, it is noted that the Parent and the companies included in the consolidation scope:

- do not hold shares/quotas of parents, including through trustees or nominees;
- did not purchase shares/quotas of parents, including through trustees or nominees, during the year.

RISKS AND UNCERTAINTIES

Some risk factors relating to the Group are described below as the occurrence of certain events could have a material adverse effect on their financial position and results of operations.

PRODUCT LIABILITY

Any defects in the design and manufacture of the products could generate a liability towards customers, with possible repercussions on turnover and reputation. The Parent and, more generally, the Group manages the risk associated with the production and marketing of products that potentially do not comply with quality and safety standards by adopting research and development policies, production processes and quality control systems that prevent design or manufacturing defects, failures or malfunctions. Furthermore, the Group has entered into insurance policies covering product liability risks, which also cover the risk associated with defective product recall campaigns. However, at the date of this report, neither the Parent nor any other group company is party to any litigation or disputes for damages.

RISK ASSOCIATED WITH THE PRICE OF RAW MATERIALS

The Group mainly purchases semi-finished steel, aluminium, zamak and plastic materials. The purchase price of these materials fluctuates as it is affected by a variety of factors which are beyond the Group's control. The risk for the Group of being unable to manage fluctuations in the price of raw materials for the manufacture of its products is mitigated by the Group's ability to negotiate price lists with its suppliers and customers, especially in the case of long-term contracts.

RISK ASSOCIATED WITH TRADE RECEIVABLES

The Group is exposed to the risk that its customers may delay or fail to fulfil their payment obligations in accordance with the agreed terms and conditions. This risk is mitigated both by the fact that the Group has commercial relations with leading automotive or agricultural equipment manufacturing companies with a

high credit standing, and by the continuous monitoring of credit positions, in order to anticipate insolvency risks and late payments. At present, there are no significant doubtful credit positions for the Group.

LIQUIDITY RISK

The Group is exposed to the risk that it may be unable to negotiate and obtain the financing necessary to develop its business or to refinance expiring loans at favourable conditions. The Group meets its financial requirements through forms of self-financing and borrowings and manages this risk by periodically monitoring net financial debt, constantly checking forecast financial requirements and obtaining adequate credit lines.

CURRENCY RISK

Through its subsidiaries, the Group operates in markets or economies using currencies other than the euro. Therefore, it is exposed to the risk of exchange rate fluctuations, also considering that no hedging financial instruments are in place. In order to manage this risk, i.e., to mitigate the effect to profit margins only, for the Turkish subsidiaries, which are more exposed to this risk, the Parent's management applies the policy of intragroup procurement and resale of products in euros. This policy also includes actions that mitigate the distorting phenomena caused by hyperinflation (Turkey), by adjusting sales prices as promptly as possible in order to reduce the impact on profit margins.

RELATED PARTY TRANSACTIONS

Transactions with related parties and associates are transactions carried out at market conditions. Below is a summary of the transactions carried out during the period:

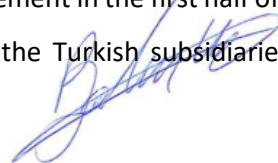
€	Trade Receivables	Trade Payables	Financial Receivables	Revenue	Costs
Avv. F. Vitale	0	0	0	0	19,375
Benedetti & Co. S.r.l.	0	64,087	0	0	106,753
Ginini Danışmanlık Hizmetleri	0	6,370	0	0	34,654
Innovation Technology Group S.r.l.	1,927	10,577	100,000	1,579	8,670
Innovation Technology Group Turkey	51,094	0	0	7,768	0
JLG contabilidade Itda	0	0	0	0	14,578
Taylor Rubber Private Limited	0	114,882	0	0	154,220
Valdiporto S.r.l.	0	0	0	0	261,589
RELATED PARTIES	53,020	195,916	100,000	9,347	599,839

POST-BALANCE SHEET EVENTS

Between the reporting date and the preparation date of the consolidated interim financial statements, no events occurred that have modified the conditions existing at the reporting date or that, if not disclosed, would jeopardise the ability of financial statements' readers to make correct assessments and take appropriate decisions.

OUTLOOK

The outlook for the next few months of 2023 confirms constant growth in the OE sector as a result of the constant demand for new agricultural machinery to meet Europe's increased need for independence on food raw materials and the new regulations on sustainability and safety. The growth estimates of the After Market division are also confirmed, with sales picking up in both the euro area and Eastern European markets. In addition, the benefits of the actions implemented by the company's management in the first half of the year, aimed at tackling the macroeconomic scenario that affected, above all, the Turkish subsidiaries, should become evident in the second half of 2023.



Trezzo sull'Adda, 28 September 2023

The Chairman of the Board of Directors
Walter Barbieri



PROSPETTI CONTABILI

CONSOLIDATED INTERIM BALANCE SHEET

€	30/06/2023	31/12/2022
Balance sheet - Assets	62,901,875	62,612,123
B) Fixed assets	14,102,573	11,455,063
I) Intangible fixed assets	3,635,876	4,177,422
1) Start-up and capital costs	638,360	766,033
2) Development costs	788,818	1,080,446
3) Industrial patents and intellectual property rights	118,263	93,297
4) Concessions, licences, trademarks and similar rights	1,779,514	1,836,879
5) Goodwill	54,457	98,588
7) Other	256,463	302,180
II) Tangible fixed assets	10,072,302	6,957,389
1) Land and buildings	2,978,007	453,381
2) Plant and machinery	5,011,877	4,618,642
3) Industrial and commercial equipment	333,616	418,768
4) Other assets	986,415	1,172,986
5) Assets under construction and payments on account	762,388	293,612
III) Financial fixed assets	394,395	320,251
1) Equity investments:	4,662	4,939
b) Associates	4,662	4,939
2) Financial receivables	100,000	100,000
b) From associates	100,000	100,000
2) Due after one year	100,000	100,000
3) Other securities	181,920	90,960
4) Derivatives	107,813	124,352
C) Current assets	48,101,445	50,499,045
I) Inventory	13,266,177	14,065,613
1) Raw materials, consumables and supplies	8,775,381	9,187,070
2) Work in progress and semi-finished products	553,801	518,053
4) Finished goods	3,248,509	3,679,764
5) Payments on account	688,486	680,726
II) Receivables	17,458,716	16,113,617
1) Trade receivables	14,378,308	13,338,147
1) Due within one year	14,378,308	13,338,147
5-bis) Tax receivables	2,212,404	1,900,771
1) Due within one year	2,212,404	1,900,771
5-ter) Deferred tax assets	262,421	281,668
1) Due within one year	262,421	281,668

5-quarter) From others	605,583	593,031
1) Due within one year	605,583	593,031
IV) Liquid funds	17,376,552	20,319,815
1) Bank and postal accounts	17,371,893	20,316,070
3) Cash-in-hand and cash equivalents	4,660	3,746
D) Prepayments and accrued income	697,857	658,015
€	30/06/2023	31/12/2022
Balance sheet - Liabilities	62,901,875	62,612,123
A) Net equity	27,413,911	29,636,901
A) Net equity attributable to the Parent	25,509,518	27,810,486
I) Share capital	615,600	615,600
II) Share premium reserve	14,916,771	14,916,771
III) Revaluation reserves	2,434,930	2,434,930
IV) Legal reserve	123,120	123,075
VI) Other reserves, indicated separately	(9,487,981)	(6,625,734)
Translation reserves from foreign consolidation	(10,107,210)	(7,244,963)
Consolidation reserve	619,229	619,229
VII) Hedging reserve	103,494	118,226
VIII) Retained earnings	16,158,129	13,939,578
IX) Net profit (Loss) for the period	645,456	2,288,040
Net equity attributable to minority interests	1,904,394	1,826,416
Share capital and reserves attributable to minority interests	1,701,916	1,466,385
Net profit attributable to minority interests	202,478	360,031
B) Provisions for risks and charges	1,128,150	1,149,362
1) Pension and similar provisions	272,880	181,920
2) Tax provision, including deferred tax liabilities	850,875	967,442
4) Other	4,395	
C) Employees' leaving entitlement	614,785	628,516
D) Payables	33,024,647	30,561,222
1) Bonds	4,872,022	4,852,919
1) Due within one year	500,000	
2) Due after one year	4,372,022	4,852,919
4) Bank loans and borrowings	15,689,351	14,570,713
1) Due within one year	8,304,368	4,269,010
2) Due after one year	7,384,983	10,301,703
5) Loans and borrowings from other financial backers	429,900	432,963
1) Due within one year	0	8,350
2) Due after one year	429,900	424,613
6) Payments on account	33,570	30,259

1) Due within one year	33,570	30,259
7) Trade payables	8,396,037	8,092,379
1) Due within one year	8,396,037	8,092,379
11) Payables to parents	0	255,000
2) Due after one year		255,000
12) Tax payables	1,134,654	464,293
1) Due within one year	1,134,654	464,293
13) Social security charges payable	388,955	452,821
1) Due within one year	388,955	452,821
14) Other payables	2,080,159	1,409,874
1) Due within one year	2,080,159	1,409,874
E) Accrued expenses and deferred income	720,382	636,122

INTERIM PROFIT AND LOSS ACCOUNT

€	30/06/2023	30/06/2022
A) Production revenues	30,782,090	28,768,055
1) Turnover from sales and services	29,740,621	27,552,132
2) Changes in work in progress, semi-finished products and finished goods	372,548	695,167
5) Other revenues and income, with separate mention of grants related to income	668,921	520,756
B) Production cost	28,045,974	23,918,127
6) Raw materials, consumables, supplies and goods	13,358,691	12,694,475
7) Services	5,974,566	5,320,569
8) Use of third party assets	701,280	601,899
9) Personnel expenses	6,743,552	5,625,098
a) Wages and salaries	5,110,270	4,290,799
b) Social security contributions	1,342,006	1,052,781
c) Employees' leaving entitlement	155,241	175,645
e) Other costs	136,035	105,873
10) Amortisation, depreciation and write-downs	1,498,208	1,194,260
a) Amortisation of intangible fixed assets	454,208	421,534
b) Depreciation of tangible fixed assets	1,043,999	772,726
11) Change in raw materials, consumables, supplies and goods	(1,176,085)	(2,035,405)
14) Other operating costs	945,762	517,231
Operating profit (A - B)	2,736,117	4,849,928
C) Financial income and charges	(1,086,478)	(116,366)
16) Other financial income	118,979	42,419
b) From securities classified as fixed assets which are not equity investments	0	4,000
d) Other income	118,979	38,419
17) Interest and other financial charges	2,627,343	448,049
e) Other	2,627,343	448,049
17 bis) Net exchange rate gains and losses	1,421,887	289,264
Pre-tax profit (A - B + - C + - D)	1,649,639	4,733,562
20) Income taxes, current and deferred	801,705	1,363,602
a) Current taxes	651,879	1,426,038
c) Deferred taxes	149,826	(62,436)
21) Net profit (Loss) for the period	847,934	3,369,960
1) attributable to minority interests	202,478	366,244
2) attributable to the Parent	645,456	3,003,716

INTERIM STATEMENT OF CASH FLOWS

€	30/06/2023	31/12/2022
A) Cash flows from operating activities (indirect method)		
Net profit (loss) for the period	847,934	2,648,071
Income taxes	801,705	1,893,502
Interest expense/(income)	1,086,478	3,893,784
1) Profit (loss) before income taxes, interest, dividends and gains and losses on sales	2,736,117	8,435,356
<i>Adjustments for non-monetary items that did not affect net working capital</i>		
Accruals to provisions	155,241	490,963
Amortisation and depreciation	1,498,208	3,431,263
Other upward/ (downward) adjustments for non-monetary items	0	56,868
Total adjustments for non-monetary items not offset in the net working capital	1,653,449	3,979,094
2) Cash flows before changes in net working capital	4,389,565	12,414,450
<i>Changes in net working capital</i>		
Decrease/(Increase) in inventory	400,655	(3,344,139)
Decrease/(Increase) in trade receivables	(1,040,161)	(685,263)
Increase/(Decrease) in trade payables	303,658	40,027
Decrease/(Increase) in prepayments and accrued income	(39,842)	(301,776)
Decrease/(Increase) in accrued expenses and deferred income	84,260	(83,374)
Other decreases/ (Other Increases) in net working capital	597,177	(936,408)
Total changes in net working capital	305,748	(5,310,934)
3) Cash flows after changes in net working capital	4,695,313	7,103,517
<i>Other adjustments</i>		
Interest collected/(paid)	(1,086,478)	(3,893,784)
(Income taxes paid)	(464,189)	(2,368,525)
(Use of provisions)	(168,973)	492,997
Total other adjustments	(1,719,639)	(5,769,312)
Cash flows from operating activities (A)	2,975,674	1,334,205
B) Cash flows from investing activities		
<i>Tangible fixed assets</i>	(4,680,186)	(2,191,822)
(Investments)	(4,700,567)	(2,468,041)
Disinvestments	20,380	276,219
<i>Intangible fixed assets</i>	(58,937)	(784,148)
(Investments)	(65,102)	(784,148)
Disinvestments	6,164	0
<i>Financial fixed assets</i>	(88,876)	599,688
(Investments)	(88,876)	(939)
Disinvestments	0	600,627
Cash flows used in investing activities (B)	(4,827,999)	(2,376,282)

C) Cash flows from financing activities

Third party funds

Increase/(Decrease) in bank loans and borrowings	1,118,637	3,922,864
Increase/(decrease) in loans and borrowings from other financial backers	(3,063)	(55,807)
Increase/(Decrease) in payables to parents	(255,000)	(467,500)
Increase/(Decrease) in bonds	19,103	4,852,919

Own funds

Changes in net equity	(215,400)	33,907
(Dividends and interim dividends)	(1,755,215)	(2,418,260)

Cash flows from financing activities (C)	(1,090,937)	5,868,123
---	--------------------	------------------

Increase (decrease) in liquid funds (A ± B ± C)	(2,943,263)	4,826,047
--	--------------------	------------------

Opening liquid funds	20,319,815	15,493,769
Closing liquid funds	17,376,552	20,319,815

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The consolidated interim financial statements of the Cofle Group consist of an interim balance sheet, an interim profit and loss account, an interim cash flow statement and these notes. They have been prepared by the Parent's directors in accordance with the provisions of the Italian Civil Code governing financial statements and consolidated financial statements and the reporting standards promulgated by the Italian Accounting Standard Setter, specifically OIC 17. Where these are silent, reference was made to the IFRS issued by the IASB.

Since these Notes illustrate consolidated interim financial statements relating to the period from 1 January 2023 to 30 June 2023, they have been prepared in accordance with Accounting Standard OIC 30 (providing guidance on the structure and content of interim financial statements), with fewer details and more concise representations.

All additional information deemed necessary for the purposes of a true and fair view of the Cofle Group's financial position and results of operations is provided below.

The consolidated interim financial statements have been prepared in euros, including the tables and these notes. The basis of preparation of these consolidated interim financial statements is unchanged from that used to prepare the consolidated financial statements of the previous period.

CONSOLIDATION SCOPE

The Group's consolidated interim financial statements include the interim financial statements of the Parent and those of the companies in which the Parent holds, directly or indirectly, an investment of more than 50% or a sufficient number of votes to exercise control or a significant influence in the respective ordinary shareholders' meetings.

Other investments, i.e., those with a percentage of ownership generally below 20%, have been measured at purchase and/or subscription cost, including transaction costs.

The financial statements used to prepare the Group's consolidated interim financial statements are those prepared by the respective boards of directors, adjusted, if necessary, to reflect the reporting standards adopted by the Parent.

The companies included in the consolidation scope are listed below:

<i>Company</i>	Registered office	Currency	Share capital	Net profit (loss) for the period	Net equity (deficit)	Investment %	Investor company
Cofle S.p.A.	Trezzo sull'Adda (IT)	€	615,600	463,841	26,532,046		Consolidating company
Cofle Do Brasil Ltda	Sete Lagoas (BR)	BRL	1,993,901	(108,955)	(240,596)	100%	Cofle S.p.A.
Cofle France S.a.S.	Beauvais (FR)	€	130,000	(40,211)	(14,800)	100%	Cofle S.p.A.
Cofle Taylor India	Chennai (IN)	INR	796,061	100,846	838,019	76.48%	Cofle S.p.A.
Cofle TK Otomotiv A.S.	Istanbul (TK)	TRY	656,863	1,203,855	8,376,550	87.10%	Cofle S.p.A.
Tabo Otomotiv A.S.	Istanbul (TK)	TRY	442,925	86,551	2,774,417	80%	Cofle S.p.A.
Zhuji Cofle Ltd	Zhejiang (CN)	CNY	477,276	6,895	424,047	51%	Cofle S.p.A.

The scope of consolidation includes the Parent company and the companies over which it exercises control, as defined in this document: compared to the scope of consolidation as at 31 December 2022, the Parent company Cofle S.p.A. has an 87.1% stake in the subsidiary Cofle TK Otomotiv A.S. as a result of the exclusive capital increase in favour of third-party shareholders.

BASIS OF CONSOLIDATION

Companies are consolidated on a line-by-line basis. Therefore, pursuant to article 31.1 of Legislative decree no. 127/91, the assets and liabilities and income and charges of consolidated companies are included in their entirety.

Conversely, in accordance with paragraph 2 of the above article, the following are eliminated upon consolidation:

- Investments in consolidated companies and the corresponding portions of net equity;
- Receivables and payables between consolidated companies;
- Intragroup income and charges;
- Gains and losses from intragroup transactions and related to assets, other than contract work in progress.

The carrying amount of investments in consolidated companies is eliminated against the corresponding portion of net equity when the assets and liabilities of the investees are acquired/assumed, showing separately the net equity and net profit (loss) for the period attributable to minority interests. Pursuant to article 33.1 of Legislative decree no. 127/91, equity investments are eliminated based on the carrying

amounts at the date of their first-time consolidation. Any amount paid in excess of the carrying amount of the investee's net equity at the purchase date is allocated to the individual asset and liability captions to which this greater amount refers. Any positive residual value is recognised as goodwill, while any negative difference is taken to net equity under the "Consolidation reserve" or, when it pertains to expected unfavourable financial results, it is taken to liabilities, under the "Consolidation provision for future risks and charges".

Changes in the net equity of investees that occurred after the purchase date are taken to "Retained earnings" to the extent pertaining to the Parent.

The accounting effects arising from the elimination of the investments against the corresponding share of net equity was carried out in line with the measurement of investments using the equity method applied in the preparation of the Parent's financial statements.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

The financial statements of subsidiaries prepared in currencies other than the euro have been translated in the reporting currency used by the Parent to prepare its consolidated financial statements. Specifically, balance sheet figures were translated using the closing rate (30 June 2023) and profit and loss account figures were translated using the average exchange rate for the first six months of 2023, except for the financial statements of companies operating in hyperinflationary economies, whose profit and loss account was translated applying the closing rate pursuant to IAS 21.42 b.

The exchange differences resulting from the translation of the balance sheet figures at the 31 December 2022 and 30 June 2023 closing rate and those arising from the translation of the net profit (loss) for the period using the 2022 average rate is taken to the translation reserve under net equity.

The following exchange rates were used:

Currency	30/06/2023 Final	30/06/2023 Average	31/12/2022 Final	30/06/2022 Average
Brazilian Real - BRL	5.28	5.48	5.64	5.42
Chinese Yuan - CNY	7.90	7.49	7.36	7.08
Indian Rupee - INR	89.21	88.88	88.17	83.32
Turkish Lira - TRY	28.32	21.54	19.96	16.23

In the course of the previous period, the Turkish economy was considered by the International Monetary Fund (IMF) as a "hyperinflationary" economy; therefore, in the absence of a reference standard and in order to eliminate the distorting effects of inflation, as governed by paragraph 125 of the Italian accounting

standard OIC 17, the Group applied the international accounting standard "IAS 29 - Reporting in Hyperinflationary Economies". This standard applies to the subsidiaries Cofle TK Otomotiv A.S. and Tabo Otomotiv A.S.. To reflect the changes in the purchasing power of the Turkish lira at the reporting date, the Group restated the value of non-monetary items, net equity and profit and loss account items of the investees in Turkey, applying the change in the general consumer price index to historical data.

Please find below the cumulated levels of the general consumer price index:

<i>Consumer price index</i>	Value at 30/06/2023	Value at 31/12/2022	Change
TURKSTAT	1,351.59	1,128.45	19.77%

<i>Consumer price index</i>	Value at 31/12/2022	Value at 31/12/2021	Change
TURKSTAT	1,128.45	686.95	64.27%

The accounting effects of the restatement are shown below.

The financial statements of the Turkish subsidiaries were restated before their inclusion in the Group's consolidated financial statements:

- the effect of the inflation-based adjustment of non-monetary assets and liabilities and net equity, net of the related tax effect, was recognised as a balancing entry to Retained earnings in net equity for approximately €1.6 million;
- the effect of the restatement of these non-monetary items, net equity items and profit and loss account captions recognised in 2023 was taken to a separate caption of the profit and loss account under financial income and charges, amounting to approximately €1.8 million, and the related tax effect was recognised in the taxes for the period, equal to about €0.1 million;

Upon consolidation, the restated financial statements were translated using the closing rate in order to reinstate the amounts to current values.

ACCOUNTING POLICIES

The financial statements captions have been measured in accordance with the general principles of prudence and accruals, considering the economic function of the asset or liability item, and on a going-concern basis, pursuant to article 2426 of the Italian Civil Code and the reporting standards promulgated by

the Italian Accounting Standard Setter. In accordance with article 35 of Legislative decree no. 127/91, the accounting policies are the same as those used by the Parent.

The main accounting policies used to prepare the consolidated interim financial statements are shown below:

INTANGIBLE FIXED ASSETS

Pursuant to article 2426.1 of the Italian Civil Code, intangible fixed assets are recognised at acquisition cost.

Intangible fixed assets are amortised systematically each period over their entire useful life. Indeed, they are amortised based on a pattern that ensures the correct allocation of cost over the assets' useful life which, for deferred costs, does not exceed five years.

Goodwill acquired against consideration is recognised as an asset to the extent of the cost incurred. Indeed, in addition to being quantifiable, it originally consists of costs and charges with a long-term useful life which ensure future economic benefits and, therefore, its cost can be recovered. Goodwill acquired against consideration has been recognised as an asset and amortised over five years.

If, regardless of the amortisation already recognised, an impairment loss is identified, the asset is written down accordingly. If, in subsequent periods, the reasons for the write-down no longer apply, the write-down is reversed.

At 31 December 2020, pursuant to article 110 of Decree law no. 104/2020, the Parent revalued the COFLE brand, adjusting it to its actual value, estimated at €2,000,000.

The revalued brand was not written down pursuant to article 2426.1. 3 of the Italian Civil Code since, as set forth in OIC 9, no indicators of impairment were identified.

TANGIBLE FIXED ASSETS

Similarly to intangible fixed assets, under the Italian Civil Code, tangible fixed assets are recognised at purchase cost, including monetary revaluations carried out in compliance with specific legal provisions and direct transaction costs, net of accumulated depreciation.

Depreciation rates are calculated on a systematic and straight-line basis, using economic-technical rates deemed representative of the residual useful life of the assets.

They are as follows:

- Industrial and commercial equipment: 3%
- Photovoltaic system: 9%
- Generic plants: 10%
- Specific plants: 17.50%
- Specific high-tech plants: 17.50%
- Sundry and small equipment: 25%
- Transport vehicles: 20%
- Vehicles: 25%
- Furniture and office machines: 12%
- Electronic office machines and computers: 20%

If, regardless of the depreciation already recognised, an impairment loss is identified, the asset is written down accordingly. If, in subsequent periods, the reasons for the write-down no longer apply, the write-down is reversed.

FINANCIAL FIXED ASSETS

Equity investments in unconsolidated subsidiaries are measured at cost, net of write-downs for impairment losses which are reversed if the reasons for the write-down no longer apply.

Investments in other companies and securities are recognised at purchase or subscription cost, increased by direct transaction costs. The cost incurred is reduced in the event of impairment losses. Equity investments are written back up to their original cost if the reasons for the write-downs cease to exist.

Financial receivables are recognised at amortised cost and discounted considering the time value of money.

It is noted that the investments in Innovation Technology Group S.r.l. and Innovation Tech configure a related party.

INVENTORY

Goods and finished goods are recognised at the lower of purchase or production cost, including directly attributable transaction costs, and estimated realisable value based on market trends, by accruing a write-down provision which directly reduces the carrying amount of inventory. Purchase cost is determined using the weighted average cost method. Semi-finished products are measured based on the cost incurred, considering the stage of processing achieved at the reporting date.

RECEIVABLES AND PAYABLES

They are recognised at amortised cost considering the time value of money. Receivables are measured at their estimated realisable value pursuant to article 2426.8 of the Italian Civil Code.

Receivables are adjusted to their estimated realisable value by accruing a bad debt provision which reflects the general economic and sector conditions and also country risk.

Receivables and payables for which the application of the amortised cost method and/or discounting is irrelevant for the purpose of giving a true and fair view of the Company's financial position and results of operations, are maintained at their estimated realisable value or nominal amount, respectively.

They are classified as fixed or current assets on the basis of their destination and origin in relation to ordinary activities. Amounts due within and after one year are broken down by contractual or legal due date, also taking into account facts and events that may alter the original maturity date, the debtor's realistic ability to fulfil the obligation within the contract terms and the time horizon over which the receivable is reasonably expected to be collected.

LIQUID FUNDS

Liquid funds in euros are stated at their nominal amount, while those expressed in other currencies are recognised using the closing rate. The carrying amount takes into account the interest accrued on current accounts and the related expenses.

PREPAYMENTS AND ACCRUED INCOME AND ACCRUED EXPENSES AND DEFERRED INCOME

They are determined in order to allocate the portion of costs and income common to two or more years. For those of a long-term nature, the Company analyses the conditions underlying their initial recognition and makes any necessary adjustments.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. The amount of the accruals to the provisions is based on the best possible estimates considering the information available. These provisions are measured on a prudent and accruals basis and no generic risk provisions without economic justification were accrued.

EMPLOYEES' LEAVING ENTITLEMENT

The Italian employees' leaving entitlement (TFR) is accrued by the employees during their employment period in accordance with applicable legislation and employment contracts, net of applicable advances. The recognised amount is the liability due to the employees, net of any advances paid to them and the amount transferred to supplementary pension funds as elected by the employees.

REVENUES AND COSTS

Revenues from sales and services are recognised upon transfer of ownership, which usually coincides with the delivery or shipment of the goods to customers or upon the provision, or receipt, of the service.

Costs are recognised when they relate to goods and services sold or used during the period or by systematic allocation or when their future useful life no longer exists.

Revenue and income, costs and charges are stated net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of goods and the provision of services.

INCOME TAXES

Current income taxes are calculated on the basis of a realistic forecast of the Group's taxable profit.

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amounts of assets and liabilities determined in accordance with the Italian Civil Code and their tax base. Deferred tax assets are recognised when their recoverability is reasonably certain. Deferred tax assets are offset against deferred tax liabilities if the relevant requirements are met. The offsetting balance, if positive, is taken to "Deferred tax assets" and, if negative, to "Provisions for risks and charges - tax provision, including deferred tax liabilities".

DERIVATIVES

Derivatives are recognised at fair value. Fair value gains and losses are recognised in the profit and loss account or, if the instrument hedges the risk of changes in the expected cash flows of another financial instrument or a forecast transaction, they are taken directly to a positive or negative net equity reserve. This reserve is reversed to the profit and loss account to the extent and at the time the cash flows of the hedged instrument change or when the hedged transaction takes place. At the reporting date, the positive balance of fair value is recognised as "Derivatives" under financial fixed assets or as current financial assets, while any negative balance is taken to the provisions for risks and charges under liabilities. All derivatives are simple

hedges (as defined by OIC 32); indeed, their characteristics are entirely similar to those of the hedged item (nominal amount, maturity and underlying).

INTANGIBLE FIXED ASSETS

Intangible fixed assets amount to €3,635,876 (31 December 2022: €4,177,424) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Start-up and capital costs	638,360	766,033	(127,672)
Development costs	788,818	1,080,446	(291,628)
Industrial patents and intellectual property rights	118,263	93,297	24,966
Concessions, licences, trademarks and similar rights	1,779,514	1,836,879	(57,366)
Goodwill	54,457	98,588	(44,130)
Other	256,463	302,180	(45,717)
INTANGIBLE FIXED ASSETS	3,635,876	4,177,422	(541,546)

The changes of the period in intangible fixed assets are shown below:

€	Start-up and capital costs	Development costs	Industrial patent rights	Concessions, licences, trademarks	Goodwill	Other	TOTAL
HISTORICAL COST							
31/12/2022	1,276,721	1,572,078	1,061,141	2,108,106	408,629	3,387,580	9,814,255
Increases	0	0	58,286	0	0	6,814	65,100
Decreases	0	0	0	0	(16,244)	0	(16,244)
Reclassifications	0	0	0	0	0	(2,896)	(2,896)
Hyperinflation	0	219,156	37,178	0	0	0	106,058
Differences on foreign exchange	0	(463,774)	(73,655)	7,368	0	(208,026)	(738,088)
30/06/2023	1,276,721	1,327,460	1,082,950	2,115,475	392,385	3,289,529	9,484,519
ACCUMULATED DEPRECIATION							
31/12/2022	510,688	491,632	967,844	271,227	310,040	3,085,401	5,636,831
Increases	127,672	168,670	15,523	59,511	40,864	41,968	454,208
Decreases	0	0	0	0	(12,976)	0	(12,976)
Reclassifications	0	0	0	0	0	0	0
Hyperinflation	0	23,374	32,352	0	0	0	79,776
Differences on foreign exchange	0	(145,035)	(51,032)	5,223	0	(174,078)	(364,922)
30/06/2023	638,360	538,641	964,687	335,961	337,928	3,033,067	5,848,644
CARRYING AMOUNT							
31/12/2022	766,033	1,080,446	93,297	1,836,879	98,589	302,180	4,177,422

30/06/2023	638,361	788,818	118,263	1,779,514	54,457	256,462	3,635,876
-------------------	---------	---------	---------	-----------	--------	---------	------------------

Pursuant to article 2427.3, **start-up and capital costs** amount to €638,361 and mainly comprise the costs incurred by the Parent as part of the admission to listing on the Euronext Growth Milan market managed by Borsa Italiana in 2021. These costs are amortised over five years.

Development costs amount to €788,818 and refer to the research and development innovation programmes carried out by the group companies in order to increase the Group's turnover and profit margins.

Concessions, licences, trademarks and similar rights mainly include the Cofle brand revalued by the Parent in 2020. The decrease of the period is due to amortisation.

Goodwill amounts to €54,457 and includes the consolidation differences arising from the assets with a higher value of the consolidated companies Cofle TK Otomotiv A.S. (€32,257), Cofle Taylor India (€4,400) and Cofle France (€19,674). The decrease of the period is mainly due to amortisation.

Pursuant to article 2427.3-bis of the Italian Civil Code, during the period, no significant events occurred with respect to future economic results or the foreseeable useful life which required the write-down of intangible fixed assets.

TANGIBLE FIXED ASSETS

Tangible fixed assets amount to €10,072,302 (31 December 2022: €6,957,389) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Land and buildings	2,978,007	453,381	2,524,626
Plant and machinery	5,011,877	4,618,642	393,235
Industrial and commercial equipment	333,616	418,768	(85,152)
Other assets	986,415	1,172,986	(186,571)
Assets under development and payments on account	762,388	293,612	468,775
TANGIBLE FIXED ASSETS	10,072,302	6,957,389	3,114,914

The changes of the period in tangible fixed assets are shown below:

€	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	TOTAL
HISTORICAL COST						
31/12/2022	475,586	12,780,345	4,657,279	3,864,679	293,612	22,071,501
Increases	2,550,879	1,423,433	63,012	172,016	491,227	4,700,568
Decreases	0	(44,670)	(1,545)	(38,646)	0	(84,862)
Reclassifications	0	390,625	(85,155)	(302,574)	0	2,895
Hyperinflation	117	884,971	16,507	212,350	64,167	1,178,112
Differences on foreign exchange	(248)	(1,830,937)	(27,284)	(478,653)	(86,618)	(2,423,741)
30/06/2023	3,026,334	13,603,767	4,622,813	3,429,172	762,388	25,444,474
ACCUMULATED DEPRECIATION						
31/12/2022	22,205	8,161,703	4,238,511	2,691,693	0	15,114,112
Increases	26,253	748,010	99,514	170,223	0	1,044,000
Decreases	0	(42,501)	(289)	(16,045)	0	(58,835)
Reclassifications	0	315,434	(45,521)	(272,664)	0	(2,751)
Hyperinflation	117	291,505	9,208	142,817	0	443,647
Differences on foreign exchange	(248)	(896,183)	(12,226)	(259,346)	0	(1,168,002)
30/06/2023	48,327	8,577,969	4,289,196	2,456,679	0	15,372,171
CARRYING AMOUNT						
31/12/2022	453,381	4,618,642	418,768	1,172,986	293,612	6,957,389
30/06/2023	2,978,007	5,025,798	333,617	972,493	762,388	10,072,302

Land and buildings amount to a total of € 2,978,007 and the change in the period is due to the purchase by the Parent Cofle S.p.A. of a new plant in Trezzo sull'Adda, located near the Milan-Venice motorway, for total € 2.4 million.

Plant and machinery, amounting to €5,025,798, include investments for €1,423,433 and depreciation for €748,010. The greatest investments were made by the Turkish subsidiary Cofle TK Otomotiv which invested in high-tech and robotised machinery to support and increase its production capacity.

Other assets amount to €972,493 and refer to furniture and fittings, electronic office machines, and vehicles.

Pursuant to article 2427.3-bis of the Italian Civil Code, during the period no significant events occurred with respect to future economic results or the foreseeable useful life which required the write-down of tangible fixed assets.

FINANCIAL FIXED ASSETS

Financial fixed assets amount to €394,395 (31 December 2022: €320,151) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Equity investments in associates	4,662	4,939	(277)
Financial receivables from associates	100,000	100,000	0
Other securities	181,920	90,960	90,960
Derivatives	107,813	124,352	(16,539)
FINANCIAL FIXED ASSETS	394,395	320,251	74,144

Equity investments in associates refer to the 20% stake in the quota capital of Innovation Technologies Group S.r.l. (a R&D company, based in Vaprio D'Adda): at 31 December 2022, the associate's net equity and net profit for the period amounted to €88,797 and €19,528, respectively. During the previous period, the Turkish subsidiary Cofle TK Otomotiv acquired 20% of the new-co Innovation Technologies Group Turkey.

Financial receivables from associates, due after one year, amounting to €100,000, are represented by amounts payable to the Parent by its Italian associate.

Other securities of €181,920 include the TFM (end-of-service) insurance policy taken out during the period by the Parent.

Derivatives amount to €107,813 and include the positive mark-to-market, at the reporting date, of the hedging derivative entered into by the Parent concurrently with a loan in the past.

INVENTORY

Inventory amounts to €13,266,177 (31 December 2022: €14,065,613) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Raw materials, consumables and supplies	8,775,381	9,187,070	(411,689)
Work in progress and semi-finished products	553,801	518,053	35,748
Finished goods	3,248,509	3,679,764	(431,255)
Payments on account	688,486	680,726	7,760
INVENTORY	13,266,177	14,065,613	(799,436)

Inventory is shown net of the write-down provision of €190,829 which is based on inventory turnover/obsolescence: compared to the previous period, it was not necessary to make adjustments to the write-down provision.

RECEIVABLES

This caption amounts to €17,458,716 (31 December 2022: €16,113,617) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Trade receivables	14,378,308	13,338,147	1,040,161
Tax receivables	2,212,404	1,900,771	311,633
Deferred tax assets	262,421	281,668	(19,247)
Financial receivables from others	605,583	593,031	12,552
RECEIVABLES	17,458,716	16,113,617	1,345,099

The said receivables are all due within one year.

Receivables may be analysed by geographical segment as follows:

€	Italy	Europe	Rest of the world	Total
Trade receivables	2,517,995	11,421,196	439,117	14,378,309
Tax receivables	1,060,661	1,028,106	123,637	2,212,404
Deferred tax assets	262,421	0	0	262,421
From others	141,171	114,724	349,688	605,583
RECEIVABLES BY GEOGRAPHICAL SEGMENT	3,982,248	12,564,027	912,442	17,458,717

Pursuant to article 2427.6 of the Italian Civil Code, it is noted that, at 30 June 2023, there were no receivables due after five years.

With respect to foreign currency receivables, as required by article 2427.6-bis of the Italian Civil Code, it is noted that, after the reporting date, there were no significant effects of changes in exchange rates.

Furthermore, pursuant to article 2427.6-ter, it is noted that, at 30 June 2023, there were no receivables which included repurchase agreements.

TRADE RECEIVABLES

Trade receivables are all due within one year and total €14,378,308 (31 December 2022: € 13,338,147). They may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Italy	2,517,995	2,907,037	(389,042)
Europe	11,421,196	9,997,621	1,423,576
Rest of the world	439,117	433,489	5,628
TRADE RECEIVABLES	14,378,308	13,338,147	1,040,161

The nominal amount of trade receivables was adjusted to their estimated realisable value via the specific bad debt provision which, at 30 June 2023, amounted to €75,000, based on the collectability of existing receivables.

TAX RECEIVABLES

This caption amounts to €2,212,404 (31 December 2022: €1,900,771) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Tax credits	335,579	224,461	111,118
Tax advances	623,188	326,644	296,544
VAT	1,253,637	1,349,666	(96,029)
TAX RECEIVABLES	2,212,404	1,900,771	311,633

Tax receivables essentially consist of the VAT receivable accrued mainly by the Parent and the Turkish companies.

DEFERRED TAX ASSETS

This caption amounts to €262,421 (31 December 2022: €281,668) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Inventory	262,421	281,668	(19,247)
DEFERRED TAX ASSETS	262,421	281,668	(19,247)

Deferred tax assets have been calculated on the temporary differences deductible in the next few years and on the elimination of intragroup profit margins.

FROM OTHERS

This caption amounts to €605,583 (31 December 2022: €593,031) and mainly includes guarantee deposits and advances to employees and suppliers of €158,405 and €356,708, respectively.

LIQUID FUNDS

Liquid funds amount to €17,376,552 (31 December 2022: €20,319,815) and may be analysed as follows:

€	30/06/2023		31/12/2022		Change	
	Current accounts	Cash-in-hand	Current accounts	Cash-in-hand	Current accounts	Cash-in-hand
Cofle S.p.A.	15,762,939	2,378	19,269,078	2,152	(3,506,140)	227
Cofle Brazil	83,531	321	73,990	157	9,541	165
Cofle France	19,532	0	36,407	0	(16,875)	0
Cofle Taylor India	371,526	482	183,900	373	187,627	109
Cofle TK	107,938	310	170,785	229	(62,847)	81
Tabo Otomotiv	1,021,220	1,167	569,032	834	452,188	333
Zhuji Cofle	5,208	0	12,878	0	(7,671)	0
LIQUID FUNDS	17,371,893	4,660	20,316,070	3,746	(2,944,177)	914

PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income, totalling €697,857 (31 December 2022: €658,015), mainly refer to costs pertaining to the subsequent period.

Finally, pursuant to article 2427.8 of the Italian Civil Code, no financial charges were capitalised during the period.

NET EQUITY

Net equity totals €27,413,911 (31 December 2022: €29,636,901). Of this amount, €25,509,518 pertains to the Group (31 December 2022: €27,810,486) and may analysed as follows:

€	30/06/2023	31/12/2022	Change
Share capital	615,600	615,600	0
Reserves	8,090,333	10,967,268	(2,876,935)
Retained earnings	16,158,129	13,939,578	2,218,551
Profit / (loss)	645,456	2,288,040	(1,642,584)
NET EQUITY ATTRIBUTABLE TO THE PARENT	25,509,518	27,810,486	(2,300,968)
NET EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	1,904,394	1,826,416	77,978
TOTAL NET EQUITY	27,413,911	29,636,901	(2,222,990)

The changes of the period in net equity are shown below:

€	31/12/2022	Net profit (loss) for 2022	Dividends	Hyperinflation	Other changes	Net profit (loss) for the period	30/06/2023
Share capital	615,600						615,600
Share premium reserve	14,916,771						14,916,771
Revaluation reserve	2,434,930						2,434,930
Legal reserve	123,075	45					123,120
Consolidation reserve	619,229						619,229
Translation reserve	(7,244,963)				(2,862,247)		(10,107,210)
Hedging reserve	118,226				(14,732)		103,494
Retained earnings	13,939,578	2,287,995	(1,538,999)	1,558,148	(88,594)		16,158,128
Net profit (loss) for the period	2,288,040	(2,288,040)				645,456	645,456
NET EQUITY ATTRIBUTABLE TO THE PARENT	27,810,486	0	(1,538,999)	1,558,148	(2,965,573)	645,456	25,509,518
Share capital and reserves attributable to minority interests	1,466,385	360,031	(216,216)	266,942	(175,226)		1,701,916
Profit attributable to	360,031	(360,031)				202,478	202,478

minority
interests

NET EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	1,826,416	0	(216,216)	266,942	(175,226)	202,478	1,904,394
NET EQUITY	29,636,901	0	(1,755,215)	1,825,090	(3,140,800)	847,934	27,413,911

During the period, the **legal reserve** rose by €45 in order to reach one-fifth of the share capital.

The **consolidation reserve**, which was set upon the first-time consolidation of Tabo (€585,119) and Zhuji Cofle (€34,110) is unchanged from the previous period.

The **translation reserve** decreased by €2,862,247 due to the changes in the exchange rates used when translating the financial statements of foreign subsidiaries prepared in currencies other than the euro.

The **hedging reserve** includes the positive market-to-market value of the derivatives in place at the reporting date (€103,494).

Retained earnings amount to €16,158,128, up by €2,218,550. The main increases refer to the allocation of part of the net profit for 2022 to retained earnings (€2,287,995) and to the monetary revaluation for hyperinflation (€1,558,148), while with respect to decreases, €235,935 relates to the translation of the financial statements of subsidiaries prepared in currencies other than the euro, and €1,538,999 to the dividends paid by the Parent during the period.

The following table shows the reconciliation between the Parent's and consolidated net equity and net profit for the period:

€	30/06/2023		31/12/2022	
	Net profit (loss)	Net equity	Net profit (loss)	Net equity
Cofle S.p.A.	463,841	26,532,046	3,015,165	29,146,469
Pro quota profit of consolidated companies	1,491,241	339,883	2,958,226	(307,361)
Intragroup dividends	(1,459,853)	0	(2,959,110)	0
Intragroup write-downs	0	0	125,000	625,000
Goodwill and gains	(39,467)	(336,532)	(81,726)	(310,041)
Elimination of intragroup profits	191,955	(1,052,841)	(761,875)	(1,329,125)
Other consolidation adjustments	(2,261)	26,961	(7,640)	(14,457)
NET EQUITY ATTRIBUTABLE TO THE PARENT	645,456	25,509,518	2,288,040	27,810,486

PROVISIONS FOR RISKS AND CHARGES

They total €1,128,150 (31 December 2022: €1,149,362) and may be analysed as follows:

€	30/06/2023	31/12/2022	Change
Pension and similar provisions	272,880	181,920	90,960
Tax provision, including deferred tax liabilities	850,875	967,442	(116,567)
Other provisions	4,395	0	4,395
PROVISIONS FOR RISKS AND CHARGES	1,128,150	1,149,362	(21,212)

Pension and similar provisions include the TFM (end-of-service) accrual recognised in favour of the members of the Board of directors entrusted with specific powers.

The **tax provision, including deferred tax liabilities** amounts to €850,875 and decreased as a consequence of the deferred liabilities pertaining to the Turkish subsidiaries connected with hyperinflation.

EMPLOYEES' LEAVING ENTITLEMENT

This caption amounts to €614,785 (31 December 2022: €628,516) and may be analysed as follows:

€	31/12/2022	Increase	Decrease	30/06/2023
Employees' leaving entitlement	628,516	155,241	(168,973)	614,785
EMPLOYEES' LEAVING ENTITLEMENT	628,516	155,241	(168,973)	614,785

This provision is mainly attributable to the Parent. The accrual of the period amounts to €155,241, while utilisations refer to the amounts paid to employees who left the Parent (€168,973) and allocations to supplementary pension funds.

PAYABLES

This caption amounts to €33,024,647 (31 December 2022: €30,561,222) and may be analysed as follows:

€	30/06/2023		31/12/2022		Change	
	Within one year	After one year	Within one year	After one year	Within one year	After one year
Bonds	500,000	4,372,022	0	4,852,919	500,000	(480,897)
Bank loans and borrowings	8,304,368	7,384,983	4,269,010	10,301,703	4,035,357	(2,916,720)
Loans and borrowings from other financial backers	0	429,900	8,350	424,613	(8,350)	5,287
Payments on account	33,570	0	30,259	0	3,312	0
Trade payables	8,396,037	0	8,092,379	0	303,658	0
Payables to parents	0	0	0	255,000	0	(255,000)
Tax payables	1,134,654	0	464,293	0	670,361	0
Social security charges payable	388,955	0	452,821	0	(63,866)	0
Other payables	2,080,159	0	1,409,874	0	670,285	0
PAYABLES	20,837,742	12,186,905	14,726,987	15,834,235	6,110,755	(3,647,330)

Payables may be analysed by geographical segment as follows:

€	Italy	Europe	Rest of the world	Total
Bonds	4,872,022	0	0	4,872,022
Bank loans and borrowings	10,005,673	5,630,636	53,042	15,689,351
Loans and borrowings from other financial backers	429,901	0	0	429,901
Payments on account	6,600	21,249	5,721	33,570
Trade payables	3,434,911	4,572,130	388,996	8,396,037
Payables to parents	0	0	0	0
Tax payables	110,436	1,018,198	6,019	1,134,654
Social security charges payable	228,245	158,872	1,838	388,955
Other payables	1,635,970	411,265	32,924	2,080,159
PAYABLES BY GEOGRAPHICAL SEGMENT	20,723,758	11,812,350	488,541	33,024,647

Pursuant to article 2427.6 of the Italian Civil Code, it is noted that, at 30 June 2023, there were no payables secured by collateral on company assets.

With respect to foreign currency payables, as required by article 2427.6-bis of the Italian Civil Code, it is noted that, after the reporting date, there were no significant effects of changes in exchange rates.

Furthermore, pursuant to article 2427.6-ter, it is noted that, at 30 June 2023, there were no payables which included repurchase agreements.

BONDS

During the previous period, in order to support new growth initiatives in Italy, the Company subscribed a non-convertible bond for a total nominal amount of €5,000,000, comprised of 50 bonds, each with a nominal amount of €100,000.

The bond was issued on 29 November 2022 and has a duration until 21 October 2028: each bond accrues interest, on a daily basis, at a gross annual nominal fixed rate of 5.06%.

The bonds will be repaid at par in 10 six-monthly instalments of €500,000, each starting on 21 April 2024.

The related payable was recognised at amortised cost. Consequently, the initial carrying amount, which reflects the nominal amount of the payable, was netted of transaction costs, and the payable was measured considering the time value of money: at 30 June 2023, this payable amounted to €4,872,022.

BANK LOANS AND BORROWINGS

This caption amounts to €15,689,351 (31 December 2022: €14,570,713) and mainly refers to loans and financing.

€	30/06/2023	31/12/2022	Change
Cofle S.p.A.	10,005,673	7,928,118	2,077,555
Cofle Brazil	53,042	581,403	(528,361)
Cofle Taylor India	0	1,701	(1,701)
Cofle TK	3,128,078	3,186,428	(58,350)
Tabo Otomotiv	2,502,558	2,873,062	(370,505)
BANK LOANS AND BORROWINGS	15,689,351	14,570,713	1,118,638

LOANS AND BORROWINGS FROM OTHER FINANCIAL BACKERS

This caption amounts to €429,900 (31 December 2022: €432,963) and mainly refers to the Parent. Specifically, it includes three subsidised loans.

TRADE PAYABLES

This caption totals €8,396,037 (31 December 2022: €8,092,379) and mainly refers to purchases of raw materials and services. Its balance is in line with that of the previous period.

TAX PAYABLES

Tax payables amount to €1,134,654 (31 December 2022: €464,293) and comprise withholding taxes on employees' remuneration and consultants' fees and taxes and duties to be paid to the relevant government.

SOCIAL SECURITY CHARGES PAYABLE

This caption totals €388,955 (31 December 2022: €452,821) and refers to the amounts due by the group companies to INPS (Italy's social security institution), INAIL (Italy's national institute for insurance against accidents at work) and other similar social security institutions in foreign countries.

OTHER PAYABLES

This caption amounts to €2,080,159 (31 December 2022: €1,409,874) and mainly refers to the amount due to employees for remuneration, holidays and leave.

ACCRUED EXPENSES AND DEFERRED INCOME

This caption amounts to €720,382 (31 December 2022: €636,122) and mainly refers to accrued interest and commission expense, outright grants received by the Parent following Simest loans allocated over the entire term of the repayment plan.

PRODUCTION REVENUES

Production revenues amounted to €30,782,090 (30 June 2022: €28,768,055). They may be analysed as follows:

€	30/06/2023	30/06/2022	Change
Turnover from sales and services	29,740,621	27,552,132	2,188,489
Change in work in progress, semi-finished products and finished goods	372,548	695,167	(322,619)
Other revenues and income	668,921	520,756	148,165
PRODUCTION REVENUES	30,782,090	28,768,055	2,014,035

This caption increased by €2,014,035 mainly as a result of the turnover for the period. Reference should be made to the directors' report for information about the performance of the year.

Production revenues may be analysed by geographical segment as follows:

€	30/06/2023	30/06/2022	Change
Italy	6,549,709	6,060,046	489,663
Europe	22,253,673	20,325,653	1,928,020
Rest of the world	937,239	1,166,433	(229,194)
TURNOVER FROM SALES AND SERVICES	29,740,621	27,552,132	2,188,489

PRODUCTION COST

Production cost amounts to €28,045,974 (30 June 2022: €23,918,127). It may be analysed as follows:

€	30/06/2023	30/06/2022	Change
Raw materials, consumables, supplies and goods	13,358,691	12,694,475	664,216
Services	5,974,566	5,320,569	653,997
Use of third party assets	701,280	601,899	99,381
Personnel expenses	6,743,552	5,625,098	1,118,454
Amortisation, depreciation and write downs	1,498,208	1,194,260	303,948
Change in raw materials, consumables, supplies and goods	(1,176,085)	(2,035,405)	859,320
Other operating costs	945,762	517,231	428,531
PRODUCTION COST	28,045,974	23,918,127	4,127,847

Production cost increased by 17% compared to the previous period, mainly due to higher costs incurred for the purchase of raw materials in order to support turnover in the first half of 2023 and to the increase in the personnel cost of the Turkish subsidiaries.

FINANCIAL INCOME AND CHARGES

Net financial charges amount to €1,086,478 (30 June 2022: negative by €116,366), mainly as a result of the monetary gains and losses arising from the monetary revaluation for hyperinflation.

INCOME TAXES, CURRENT AND DEFERRED

Income taxes amount to €801,705 (30 June 2022: €1,363,602) and comprise current taxes of €651,879 and changes in deferred tax liabilities of €149,826.

OTHER INFORMATION

OFF-BALANCE SHEET COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Pursuant to article 2427.9 of the Italian Civil Code, the Group has committed to take over the lease of the associate for a total of €533,400 and minimum lease payments nearing expiration for a total of €67,517. Compared to 31 December 2022, it is noted that the €700,000 bank surety issued in favour of the subsidiary was not renewed since the underlying loan was repaid in full in the first half of 2023.

EXCEPTIONAL INCOME AND EXPENSES

Pursuant to article 2427.13 of the Italian Civil Code, it is noted that the Parent did not recognise exceptional income or expenses.

AVERAGE NUMBER OF EMPLOYEES

Pursuant to article 2427.13 of the Italian Civil Code, the average number of the Group's employees is shown below broken down by category:

<i>Position</i>	30/06/2023			31/12/2022		
	Parent	Subsidiaries	Total	Parent	Subsidiaries	Total
Managers	0	3	3	0	3	3
Junior managers	5	14	19	5	14	19
White collars	44	57	101	40	55	95
Blue collars	99	363	462	102	352	454
AVERAGE WORKFORCE	148	437	585	147	424	571

DIRECTORS' AND STATUTORY AUDITORS' FEES

Pursuant to article 2427.16 of the Italian Civil Code, the fees of the Company's directors and statutory auditors, including those related to the performance of these functions also in other consolidated companies, are shown below. Parent Directors' fees amounted to €244,500, while those pertaining to the Board of statutory auditors totalled €14,500.

SHARE CAPITAL

Pursuant to article 2427.17 of the Italian Civil Code, it is noted that the share capital amounts to €615,599.60, divided into 6,155,996 ordinary shares with a nominal amount of €0.10 each.

DIVIDEND-RIGHT SHARES, BONDS CONVERTIBLE INTO SHARES AND SECURITIES ISSUED

Pursuant to article 2427.18 of the Italian Civil Code, it is noted that, as part of the capital increase carried out in 2021 and the consequent listing on the EGM managed by Borsa Italiana, the Parent concurrently issued 345,000 warrants for new shareholders and 33,500 warrants for employees. On 30 November 2022, 2,268 warrants were subscribed.

DERIVATIVES

Pursuant to article 2427.19 of the Italian Civil Code, it is noted that the Group did not issue any financial instruments that carry dividend or voting rights.

At 30 June 2023, the Group entered into one hedging derivative while it took out two loans.

Pursuant to the Italian Civil Code, it is noted that, at 30 June 2023, the fair value (mark to market) of the above derivatives was a positive €103,494.

SHAREHOLDER LOANS

Pursuant to article 2427.19-bis of the Italian Civil Code, it is noted that the Group did not receive any shareholder loan.

ASSETS EARMARKED FOR A SPECIFIC BUSINESS

Pursuant to article 2427.20 of the Italian Civil Code, it is noted that the Group has no assets earmarked for a specific business.

RELATED PARTY TRANSACTIONS

Pursuant to article 2427.22-bis of the Italian Civil Code, it is noted that, during the period, no atypical and/or unusual transactions were carried out that, due to their significance and/or materiality, could cast doubts as to the safeguard of the group assets, either with subsidiaries, associates or other related parties or parties other than related parties.

During the period, related party transactions were carried out at market conditions.

The transactions carried out with the Company and related parties are summarised below in terms of receivables and payables and the resulting income components:

€	Trade Receivables	Trade Payables	Financial Receivables	Revenue	Costs
Avv. F. Vitale	0	0	0	0	19,375
Benedetti & Co. S.r.l.	0	64,087	0	0	106,753
Ginini Danışmanlık Hizmetleri	0	6,370	0	0	34,654
Innovation Technology Group S.r.l.	1,927	10,577	100,000	1,579	8,670
Innovation Technology Group Turkey	51,094	0	0	7,768	0
JLG contabilidade Ltda	0	0	0	0	14,578
Taylor Rubber Private Limited	0	114,882	0	0	154,220
Valdiporto S.r.l.	0	0	0	0	261,589
RELATED PARTIES	53,020	195,916	100,000	9,347	599,839

OFF-BALANCE SHEET ARRANGEMENTS

Pursuant to article 2427.22-ter of the Italian Civil Code, it is noted that there are no off-balance sheet arrangements which could significantly affect the Group's financial position and results of operations.

POST-BALANCE SHEET EVENTS

Pursuant to article 2427.22-quater of the Italian Civil Code, it is noted that no significant events occurred after the reporting date that had a significant impact on the Group's financial position and results of operations.

COMPANIES DRAWING UP THE CONSOLIDATED FINANCIAL STATEMENTS OF THE LARGER GROUP

Pursuant to article 2427.22-quinquies of the Italian Civil Code, it is noted that the Group is consolidated by Finan.co S.r.l., with registered office in Vimercate (MB).

MANAGEMENT AND COORDINATION

Pursuant to article 2497-bis of the Italian Civil Code, it is noted that the Parent is not subject to management or coordination.

DISCLOSURES REQUIRED BY ARTICLE 1.125 OF LAW NO. 124 OF 4 AUGUST 2017

Pursuant to article 3-quater of Decree law no. 135/2018 and article 35 of Decree law no. 34/2019, for information about the grants received, reference should be made to that set out in the National state aid register - transparency section, which provides the overall picture of disbursements made by public entities.

With reference to disbursements, and based on the interpretation of Assonime (the Italian association of joint stock companies) circular no. 5/2019, the following amounts are outside the scope of application:

- consideration for public works, services and supplies or due as compensation;
- remunerated positions that form part of standard business operations;
- incentives/subsidies received as part of a general aid scheme to all beneficiaries;
- public resources attributable to public entities of other States (European or non-European) and to European institutions;
- training grants received from interprofessional funds established as associations.

Disbursements are identified on a cash basis. In accordance with the applicable regulation, those worth less than €10,000 per granting entity are excluded.

Below is a summary of aids, contributions and economic benefits received from public administrations during 2023:

€	Granting Entity	Amount
SIMEST outright grant – Trade fairs in Italy and abroad	SIMEST	1,795
SIMEST outright grant – Company capitalisation	SIMEST	18,177
SIMEST outright grant – Temporary Export Manager	SIMEST	2,064
CONTRIBUTIONS		22,035

Trezzo sull'Adda, 28 September 2023

The Chairman of the Board of Directors
Walter Barbieri