

**INTERIM FINANCIAL REPORT**  
**AS AT SEPTEMBER, 2021**  
(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84  
MILANO MONZA-BRIANZA LODI COMPANY REGISTER AND TAX CODE N. 00607460201  
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.  
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**BOARD OF DIRECTORS' REPORT**  
**ON OPERATIONS**  
**AS AT SEPTEMBER 30, 2021**

**THE AUTOMOTIVE MARKET IN 2021**

After the rises reported in the first and in the second quarter (+15.7% and +48.3%), in the third quarter of 2021 global car production was weak and significantly lower than that of the same period of 2020 (-19.7%) in which there had been a strong recovery. This was due to the difficulties experienced in the sourcing of particular components, which slowed production and even led to the temporary shutdown of certain production facilities of the main producers worldwide.

In the first nine months of 2021 world car production did in any case report growth of 9.5% compared to the same period of 2020: +4.4% in Europe, +6.8% in NAFTA, +7.7% in China, +28.7% in Mercosur and +48.4% in India.

Lastly, despite the recovery, production volumes were still significantly lower than those before the spread of the pandemic in all geographical areas, with the sole exception of China. In fact world production in the first nine months of 2021 was 15.5% lower than that of the same period of 2019, with Europe reporting -27.6%, NAFTA -21.5%, Mercosur -23.3% and China substantially in line with 2019 (-1.8%).

**INFORMATION ON OPERATIONS**

The Group reported a significant recovery in revenues, which rose by 19.4% compared to the first nine months of 2020, clearly outperforming the market. Compared to the same period of 2019, revenues posted -9.1%, versus a -15.5% fall in car production worldwide.

The recovery in revenues and the action taken to counter the impact of the crisis made it possible to close the first nine months of the year with:

- EBITDA higher at 14.6% of revenues (11.8% in 9M 2020 and 12.1% in 9M 2019);
- Net income from “continuing operations” of € 24.3 million, versus a loss of € 15.6 million in the same period of 2020;
- Positive free cash flow of € 25.1 million (a negative € 55.6 million in the first nine months of 2020);
- Net debt before IFRS 16 of € 267.4 million, lower than the figure at December 2020 (€ 291.3 million).

During the first nine months of the year commercial activity posted a positive performance.

The Air and Cooling division obtained important contracts in Europe, NAFTA and China for the supply of thermal management products for electric mobility, which incorporate a higher added value than the standard average value for traditional plastic products. More specifically, these were new contracts entered into with a premium German car maker for a new-generation electric platform and with two producers of electric commercial vehicles, one of which is pure electric while the other uses fuel cell technology.

The Filtration division obtained a significant number of contracts for the supply of air purification filters and two important contracts in NAFTA for transmission filters.

The Suspensions division obtained various contracts with new customers focusing exclusively on electric platforms.

## RESULTS OF THE FIRST NINE MONTHS OF 2021

It should be noted that the values for the years 2020 and 2019 have been restated for the application of IFRS 5 (“Non-current assets held for sale and discontinued operations”) to the subsidiaries in Brazil, Spain and Argentina of the Filtration business unit, sold, respectively, in December 2020, January 2021 and August 2021. The comments on the results are proposed below as well as with the comparison to the previous year, as usual, also recalling, on the main indicators, the first nine months of 2019, held account of the extraordinary nature of the trends in the first nine months of 2020, due to the spread of the Covid-19 pandemic first in China and then in all areas of the Group's operations, and the impacts of the restrictive measures adopted.

### Revenues

In the first nine months of 2021 Sogefi's revenues totalled € 990.0 million and were up by 19.4% at historical exchange rates and by 20.9% at constant exchange rates compared to the same period of 2020. After the increases of 5.2% in the first quarter and 94.5% in the second quarter, the third quarter closed with a decline in revenues of 3.8% at current exchange rates, compared to the market's -19.7%. Revenues for the first nine months of 2021 were down by 9.1% compared to those of the first nine months of 2019.

### Sales revenues by geographical area

	9M 2021	9M 2020	reported change 2021 vs 2020	constant exchange rates 2021 vs 2020	reference market production	9M 2019	reported change 2021 vs 2019
(in millions of Euro)	Amount	Amount	%	%	%	Amount	%
Europe	622.3	528.4	17.8	17.6	4.4	701.1	(11.2)
North America	195.1	177.2	10.1	13.6	6.8	220.8	(11.7)
South America	54.1	31.4	72.3	104.6	28.7	64.7	(16.4)
Asia	126.7	97.0	30.5	32.1	12.5	109.1	16.1
- of which China	71.2	58.7	21.2	19.4	7.7	53.1	33.9
Intercompany eliminations	(8.2)	(4.7)				(6.5)	
TOTAL	990.0	829.3	19.4	20.9	9.5	1,089.2	(9.1)

Revenues at constant exchange rates rose by 17.6% in Europe, by 13.6% in North America, by 19.4% in China and by 104.6% (72.3% at current exchange rates) in South America. Thus in all geographical areas Sogefi outperformed the market.

### Performance of revenues by Business Unit

(in millions of Euro)	9M 2021	9M 2020	reported change 2021 vs 2020	constant exchange rates 2021 vs 2020	9M 2019	reported change 2021 vs 2019
	Amount	Amount	%	%	Amount	%
Suspensions	338.2	277.9	21.7	23.8	422.9	(20.0)
Filtration	345.0	294.9	17.0	18.8	349.3	(1.2)
Air&Cooling	309.2	258.2	19.8	20.5	319.5	(3.2)
Intercompany eliminations	(2.4)	(1.7)			(2.5)	
<b>TOTAL</b>	<b>990.0</b>	<b>829.3</b>	<b>19.4</b>	<b>20.9</b>	<b>1,089.2</b>	<b>(9.1)</b>

In the first nine months of 2021 the Air and Cooling and the Filtration Business Units reported a greater recovery in business activity compared to 2020 than that of the market, with revenues more or less in line with those of the corresponding period of 2019.

The growth in revenues of the Air and Cooling division (+20.5% at constant exchange rates and +19.8% at current exchange rates compared to the same period of 2020) was due not only to the market recovery by also to the development of its contract portfolio especially in China, where revenues at constant exchange rates have risen by 24.3% on the previous year.

The higher revenues of the Filtration division (+18.8% at constant exchange rates and +17% at current rates compared to the same period of 2020) reflect not only the trend of the market but also the strong recovery in India.

Lastly, the Suspensions Business Unit reported a 23.8% rise in revenues at constant exchange rates (+21.7% at current rates) compared to the first nine months of 2020, although business activity remains significantly lower than in the same period of 2019 (-20% at current exchange rates).

### **P&L Highlights**

(in millions of Euro)	Note (*)	9M 2021		9M 2020		Change	
		Amount	%	Amount	%	Amount	%
Sales revenues		990.0	100.0	829.3	100.0	160.7	19.4
<b>CONTRIBUTION MARGIN</b>		<b>310.8</b>	<b>31.4</b>	<b>252.3</b>	<b>30.4</b>	<b>58.5</b>	<b>23.2</b>
Fixed Costs	(a)	162.2	16.4	143.8	17.3	18.4	12.8
Restructuring costs		2.3	0.2	12.2	1.5	(9.9)	(81.0)
Other expenses (income)	(b)	2.2	0.2	(1.8)	(0.2)	4.0	(222.6)
<b>EBITDA</b>	(c)	<b>144.1</b>	<b>14.6</b>	<b>98.1</b>	<b>11.8</b>	<b>46.0</b>	<b>46.8</b>
Depreciation and amortization	(d)	94.7	9.6	94.8	11.4	(0.1)	(0.1)
<b>EBIT</b>		<b>49.4</b>	<b>5.0</b>	<b>3.3</b>	<b>0.4</b>	<b>46.1</b>	<b>-</b>
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>		<b>24.3</b>	<b>2.5</b>	<b>(15.6)</b>	<b>(1.9)</b>	<b>39.9</b>	<b>-</b>
Net income (loss) from discontinued operations, net of tax effects		(24.7)	(2.5)	(8.2)	(1.0)	(16.5)	(199.3)
<b>GROUP NET RESULT</b>		<b>(2.0)</b>	<b>(0.2)</b>	<b>(23.2)</b>	<b>(2.8)</b>	<b>21.2</b>	<b>91.5</b>

(\*) The notes in the table are explained in detail in the annex at the end of this report.

L'**EBITDA**<sup>1</sup> came in at € 144.1 million, up from € 98.1 million in the first nine months of 2020 and € 131.5 million in the first nine months of 2019; gross profitability (EBITDA / Revenues %) rose to 14.6%, versus 11.8% in the first nine months of 2020 and 12.1% in the same period of 2019.

The higher profitability is the result of the rise in the contribution margin to 31.4% (29.8% in the first nine months of 2019 and 30.4% in the same period of 2020) and of the reduction of the impact of fixed costs on revenues to 16.4% (17.2% and 17.3% in the first nine months of 2019 and 2020 respectively). Fixed costs declined by 13.3%, compared to the first nine months of 2019, thanks to the action plans put in place.

Lower restructuring costs also contributed to the increase in EBITDA (€ 2.3 million versus € 12.2 million in the first nine months of 2020 and € 4.8 million in the same period of 2019).

The third quarter was affected by the weakness of volumes and the generalized increase in the cost of raw materials, particularly steel prices for the production of suspensions, which caused a reduction in the contribution margin that is destined to continue in the fourth quarter of the year.

**EBIT** came to € 49.4 million, compared to € 3.3 million in the same period of 2020 and € 41.9 million in the first nine months of 2019.

Financial expense, which totalled € 13.4 million, was lower than that of the same period of 2020 (€ 16.0 million), thanks to the reduction of the debt and to an item of non-recurring financial income of € 1.2 million; tax expense amounted to € 13.2 million, up from € 2.9 million in the previous year.

**Net income from continuing operations** came to € 24.3 million, versus a loss of € 15.6 million in the first nine months of 2020.

The **net result of “discontinued operations and operations held for sale”** was a loss of € 24.7 million (€ 8.2 million in the first nine months of 2020) and came from the sale of the filtration business in Argentina, which had a negative impact on the income statement of € 23.3 million, of which € 20.6 million from the reclassification of the exchange rate differences accrued by the subsidiary from equity to result for the year, which had no impact on liquidity or on equity.

The **net result** for the period was a loss of € 2.0 million, compared to a loss of € 23.2 million in the first nine months of 2020 and net income of € 8.3 million in the first nine months of 2019.

**Free Cash Flow** was a positive € 25.1 million, which compares with a cash absorption of € 55.6 million in the first nine months of 2020, the performance of which was of course anomalous because of the sharp contraction of business activity due to the Covid-19 pandemic.

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<sup>1</sup> EBITDA is calculated by adding to the item “Ebit” the item “Amortization and depreciation” and the amount of the write-downs of tangible and intangible fixed assets contained in the item “Other non-operating costs (revenues)”, equal to € 8.2 million at 30 September 2021 (€ 8.1 million in the corresponding period of the previous year).

**Net financial debt** before IFRS 16 amounted to € 267.4 million at September 30 2021, down from December 31 2020 (€ 291.3 million) and September 30 2020 (€ 299.0 million) and was close to being in line with September 30 2019 (€ 264.6 million).

Including the financial payables for rights of use, as per IFRS 16, the net debt figure at September 30 2021 stood at € 335.5 million, down from € 358.1 million at December 31 2020 and € 374.5 million at September 30 2020.

At September 30 2021 the Group had committed credit facilities in excess of its requirements for € 265.0 million (after repaying its convertible bond of € 100.0 million in May 2021).

At September 30 2021 **shareholders' equity**, excluding minority interests, came to a total of € 168.3 million (€ 133.0 million at December 31 2020).

The Sogefi Group had 5,610 **employees** at September 30 2021, compared to 5,786 at the end of September 2020 and 5,790 at December 31 2020, at constant perimeter.

## **PERFORMANCE OF BUSINESS UNIT**

### **PERFORMANCE OF THE FILTRATION BUSINESS UNIT**

In the first nine months of 2021, the revenues of the Filtration business unit amounted to Euro 345.0 million, up to 17.0% at current exchange rates and 18.8% at constant exchange rates. The revenues were substantially in line with the first nine months of 2019.

The EBITDA margin was 15.5%, up compared to 10.6% in 2020 and 12.1% at September 30 2019, thanks to the recovery in revenues and the reduction in the incidence of fixed costs compared both in the first nine months of 2020 and in the same period of 2019. In the period, non-operating income was also recorded for Euro 2.4 million and a positive exchange rate effect for Euro 0.7 million (negative for Euro 0.9 million in the first nine months 2020).

EBIT was positive for Euro 26.2 million (6.0 million in the first nine months of 2020), with an operating profitability of 7.6%, higher than that recorded pre-covid (5.4% of the first nine months 2019).

The business unit had 2,106 employees at September 30 2021 (2,254 at December 31 2020, at constant perimeter).

### **PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT**

In the first nine months of 2021, the revenues of the Suspensions business unit amounted to Euro 338,2 million, up to 21.7% (+23.8% at constant exchange rates), which reflects above all the dynamics of activity in China, India and South America.

The EBITDA margin was 8.8%, an improvement compared to 7.0% in the first nine months of 2020 and also higher than the 8.3% at September 30 2019 thanks to the growth in turnover, the reduction in the incidence of fixed costs and the recording of non-operating income for Euro 2.9 million.

EBIT amounted to Euro 1.6 million (Euro -8.4 million in the same period of 2020), with an operating profitability of 0.5% (compared to 1.8% in the first nine months of 2019).

The business unit had 2,296 employees at September 30 2021 (2,290 at December 31 2020).

### **PERFORMANCE OF THE AIR & COOLING BUSINESS UNIT**

In the first nine months of 2021, the Air and Cooling business unit achieved revenues of Euro 309.2 million, up by 19.8% at current exchange rates and by 20.5% at constant exchange rates. The dynamics were particularly accentuated in China, where revenues grew at constant exchange rates by 24.3% compared to the first nine months of 2020 thanks to the launch of new programs and the recovery of the market.

The EBITDA margin, equal to 18.5%, is substantially in line with the corresponding period of 2020 (18.3%) and an improvement compared to the first nine months of 2019 (16.4%).

EBIT amounted to € 22.4 million, compared to € 10.6 million in 2020, with an increase in operating profit from 5.6% in the first nine months of 2019 to 7.2% in the same period of 2021.

The business unit had 1,152 employees at September 30, 2021 (1,192 at December 31 2020).

## PERFORMANCE IN THE THIRD QUARTER OF 2021

The following table provides comparative figures of the income statement for the second quarter compared with the corresponding quarter of the previous year.

(in millions of Euro)	Note (*)	Q3 2021		Q3 2020		Change	
		Amount	%	Amount	%	Amount	%
Sales revenues		316.6	100	329.2	100	(12.6)	(3.8)
CONTRIBUTION MARGIN		100.3	31.7	101.4	30.8	(1.1)	(1.1)
Fixed Costs	(a)	51.9	16.4	48.0	14.6	3.9	8.1
Restructuring costs		1.0	0.3	6.1	1.9	(5.1)	(83.8)
Other expenses (income)	(b)	11.6	3.7	1.4	0.4	10.2	-
EBITDA	(c)	35.8	11.3	45.9	13.9	(10.1)	(21.9)
Depreciation and amortization	(d)	33.7	10.6	31.1	9.4	2.6	8.4
EBIT		2.1	0.7	14.8	4.5	(12.7)	(85.9)
NET INCOME (LOSS) OF OPERATING ACTIVITIES		(2.1)	(0.6)	5.2	1.6	(7.3)	(139.9)
Net income (loss) from discontinued operations, net of tax effects		(21.2)	(6.8)	0.3	0.1	(21.5)	-
GROUP NET RESULT		(23.4)	(7.4)	5.6	1.7	(29.0)	-

(\*) The notes in the table are explained in detail in the annex at the end of this report..

In the third quarter of 2021 Sogefi reported a decline in revenues of 3.8% (-4% at constant exchange rates) compared to the third quarter of 2020, to € 316.6 million, after seeing growth of 5.2% in the first quarter and of 94.5% in the second quarter. The group's revenues were affected by the market trend which involved a 19.7% fall in production in the third quarter. The group's performance, however, was considerably better than that of the market.

**EBITDA** came to € 35.8 million, down from € 45.9 million in the third quarter of 2020 and € 44.7 million in the same period of 2019. The reduction in EBITDA reflects the weakness of revenues due to the market scenario and to the reduction in the contribution margin (from 30.8% in the third quarter of 2020 to 28.4% in the third quarter of 2021, once the margin for the third quarter of 2021 has been normalized by the effect of the sale of a special project) because of the higher cost of raw materials, which particularly affected the results of the Suspensions Business Unit. Negotiations are in progress with customers to adjust selling prices to the current cost of raw materials.

**EBIT** was positive for € 2.1 million versus € 14.8 million in the third quarter of 2020.

The **net result of continuing operations** was a loss of € 2.1 million, which compares with net income of € 5.2 million in the third quarter of 2020.

The **net result of “discontinued operations and operations held for sale”** was a loss of € 21.2 million (net income of € 0.3 million in third quarter 2020), of which € 20.6 million came from the reclassification of the exchange rate differences accrued by the Argentinian subsidiary from shareholders' equity to result for the year, which had no impact on liquidity or equity.

The **consolidated net result** for the third quarter of 2021 was a loss of € 23.4 million, versus net income of € 5.6 million in the previous year.



## **PERFORMANCE OF THE HOLDING COMPANY SOGEFI S.p.A.**

In the first nine months of 2021, the Company recorded a net loss of € 5.4 million compared to the net loss recorded in the corresponding period of the previous year of € 10.1 million. The reduction in the loss is mainly due to lower interest expense for Euro 2.7 and to exchange rate gains recognized in the period.

The distribution of dividends from the French direct subsidiaries to the Parent Company Sogefi S.p.A. it is still suspended for 2021 as required by the French state guaranteed loans obtained in 2020 by the subsidiaries themselves; distribution will resume in 2022. The American direct subsidiary will distribute dividends in the last quarter of 2021.

## **IMPACT OF COVID-19 ON OPERATIONS**

In the first nine months of 2021, despite the continuing pandemic crisis, the effects on the market in which the Company operates were less severe than those recorded for the first nine months of 2020 and consisted of a general weakness in demand, which was still lower than in the same period of 2019, especially in Europe (-27.6%) and NAFTA (-21.5%).

During the first nine months of 2021, the Sogefi Group continued to apply all the rules for health and safety in the workplace with the aim of reducing the risk of contagion. These include social distancing, the use of individual protection systems and measures to limit the presence of personnel in the workplace, with staff working from home.

## **SIGNIFICANT SUBSEQUENT EVENTS AFTER 30 SEPTEMBER 2021**

No significant events have taken place since the close of the period.

## **OUTLOOK FOR OPERATIONS**

Visibility as to the market trend in the next few months remains low mainly due to the continuing uncertainty about the evolution of the pandemic and the macroeconomic situation.

There are also specific critical issues relating to the generalized increase in the prices of the main raw materials and their availability, as well as logistic difficulties involving transportation and sourcing from Asian markets.

Given this scenario, IHS has revised its estimates for world production down, forecasting that fourth quarter 2021 will be down by approximately 20% on the same period of 2020, with Europe at -24.9%, NAFTA at -16.8% and China at -19.6%. Therefore, for the whole year 2021 production should be in line with that of 2020 (+0.3%) but still around 16% lower than that of 2019. The expected recovery of volumes after the fall reported in 2020 is therefore forecast by IHS to take place in 2022, the year in which IHS is projecting growth of 10.6%.

For the fourth quarter of 2021, Sogefi expects the market to remain weak, in line with IHS projections, and pressure on commodity prices (steel, plastic and paper) to continue with possible negative effects on the contribution margin. To mitigate these

effects the Group has already launched resourcing initiatives, has taken commercial action and adopted measures to reduce labour costs.

Provided there are no extraordinary circumstances or events that are not at present foreseeable, Sogefi confirms the view it expressed in the publication of its results for first half 2021, i.e. for the full year it expects to achieve an operating result at least equal to that reported for 2019.

Milan, 22 October 2021

For THE BOARD OF DIRECTORS  
The Managing Director  
Frédéric Sipahi

ANNEX: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE REPORT ON OPERATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30 2021

- a) The heading agrees with the sum of the line items “Manufacturing and R&D overheads”, “Distribution and sales fixed expenses” and “Administrative and general expenses”;
- b) the heading agrees with the sum of the line items “Losses (gains) on disposal”, “Exchange (gains) losses” and “Other non-operating expenses (income)”, with the exception of the amount relating to write-downs of tangible and intangible fixed assets;
- c) the heading agrees with the sum of the line items “EBIT”, “Depreciation and Amortization” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”;
- d) the heading agrees with the sum of the line items “Depreciation and amortization” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”.

## **SOGEFI GROUP**

### **CONSOLIDATED FINANCIAL STATEMENTS**

#### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(in millions of Euro)

<b>ASSETS</b>	<b>09.30.2021</b>	<b>12.31.2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	126.9	209.7
Other financial assets	2.1	4.0
Inventories	112.5	97.7
Trade receivables	135.2	135.6
Other receivables	12.6	8.8
Tax receivables	22.2	23.2
Other assets	4.4	2.3
<b>ASSETS HELD FOR SALE</b>	-	6.5
<b>TOTAL CURRENT ASSETS</b>	<b>415.9</b>	<b>487.8</b>
<b>NON-CURRENT ASSETS</b>		
Land	12.2	12.4
Property, plant and equipment	358.0	361.1
Other tangible fixed assets	4.6	4.5
Right of use	66.4	66.4
Intangible assets	242.4	255.4
Investments in joint ventures	-	-
Other financial assets	-	-
Financial receivables	3.2	2.3
Other receivables	35.7	33.9
Deferred tax assets	35.3	41.0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>757.8</b>	<b>777.0</b>
<b>TOTAL ASSETS</b>	<b>1,173.7</b>	<b>1,264.8</b>

<b>LIABILITIES</b>	<b>09.30.2021</b>	<b>12.31.2020 (*)</b>
<b>CURRENT LIABILITIES</b>		
Bank overdrafts and short-term loans	0.9	3.2
Current portion of medium/long-term financial debts and other loans	50.7	148.8
Short-term financial debts for right of use	17.4	18.0
Other short-term liabilities for derivative financial instruments	-	-
Trade and other payables	302.5	309.5
Tax payables	8.5	4.3
Other current liabilities	33.3	35.2
Current provisions	27.2	26.1
<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE</b>	-	5.3
<b>TOTAL CURRENT LIABILITIES</b>	<b>440.5</b>	<b>550.4</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial debts to bank	264.5	255.4
Other medium/long-term financial debts	80.5	95.3
Medium/long-term financial debts for right of use	53.2	52.2
Other medium/long term financial liabilities for derivative financial instruments	0.5	1.0
Non current provisions	61.8	72.2
Other payables	62.5	58.7
Deferred tax liabilities	25.2	30.2
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>548.2</b>	<b>565.0</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	107.8	105.6
Group net result for the period	(2.0)	(35.1)
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>	<b>168.3</b>	<b>133.0</b>
Non-controlling interests	16.7	16.4
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>185.0</b>	<b>149.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,173.7</b>	<b>1,264.8</b>

(\*) The comparative information was modified following the split of the previous item "Long-term provisions" between "Current provisions" and "Non current provisions".

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euro)	<b>Consolidated shareholders' equity - Group</b>	<b>Capital and reserves pertaining to non-controlling interests</b>	<b>Total Group and non-controlling shareholders' equity</b>
Balance at December 31, 2020	133.0	16.4	149.4
Dividends	0.0	0.0	0.0
Currency translation differences and other changes	37.3	(1.3)	36.0
Net result for the period	(2.0)	1.6	(0.4)
Balance at September 30, 2021	168.3	16.7	185.0

## CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 09.30.2021		01.01 – 09.30.2020 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	990.0	100.0	829.3	100.0	160.7	19.4
Variable cost of sales	679.2	68.6	577.0	69.6	102.2	17.7
<b>CONTRIBUTION MARGIN</b>	<b>310.8</b>	<b>31.4</b>	<b>252.3</b>	<b>30.4</b>	<b>58.5</b>	<b>23.2</b>
Manufacturing and R&D overheads	88.5	8.9	75.5	9.1	13.0	17.3
Depreciation and amortization	86.5	8.7	86.7	10.4	(0.2)	(0.2)
Distribution and sales fixed expenses	22.2	2.2	20.6	2.5	1.6	7.6
Administrative and general expenses	51.5	5.3	47.7	5.7	3.8	8.0
Restructuring costs	2.3	0.2	12.2	1.5	(9.9)	(81.0)
Losses (gains) on disposal	-	-	(0.1)	-	0.1	-
Exchange losses (gains)	(2.1)	(0.2)	3.2	0.4	(5.3)	(166.7)
Other non-operating expenses (income)	12.5	1.3	3.2	0.4	9.3	285.4
<b>EBIT</b>	<b>49.4</b>	<b>5.0</b>	<b>3.3</b>	<b>0.4</b>	<b>46.1</b>	<b>-</b>
Financial expenses (income), net	13.4	1.4	16.0	1.9	(2.6)	(16.5)
Losses (gains) from equity investments	(1.5)	(0.2)	-	-	(1.5)	-
<b>RESULT BEFORE TAXES</b>	<b>37.5</b>	<b>3.8</b>	<b>(12.7)</b>	<b>(1.5)</b>	<b>50.2</b>	<b>395.1</b>
Income taxes	13.2	1.3	2.9	0.4	10.3	367.7
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>	<b>24.3</b>	<b>2.5</b>	<b>(15.6)</b>	<b>(1.9)</b>	<b>39.9</b>	<b>-</b>
Net income (loss) from discontinued operations, net of tax effects	(24.7)	(2.5)	(8.2)	(1.0)	(16.5)	(199.3)
<b>NET RESULT INCLUDING THIRD PARTY</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(23.8)</b>	<b>(2.9)</b>	<b>23.4</b>	<b>98.6</b>
Loss (income) attributable to non-controlling interests	(1.6)	(0.2)	0.6	0.1	(2.2)	(350.3)
<b>GROUP NET RESULT</b>	<b>(2.0)</b>	<b>(0.2)</b>	<b>(23.2)</b>	<b>(2.8)</b>	<b>21.2</b>	<b>91.5</b>

(\*) The values for the first nine months of 2020, relating to “Assets held for sale”, have been reclassified following the application of IFRS 5 “Non-current asset held for sale and discontinued operations” to the line “Net income (loss) from discontinued operations, net of tax effects”.

## CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER 2021

(in millions of Euro)	Period		Period		Change	
	07.01 – 09.30.2021		07.01 – 09.30.2020 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	316.6	100.0	329.2	100.0	(12.6)	(3.8)
Variable cost of sales	216.3	68.3	227.8	69.2	(11.5)	(5.0)
<b>CONTRIBUTION MARGIN</b>	<b>100.3</b>	<b>31.7</b>	<b>101.4</b>	<b>30.8</b>	<b>(1.1)</b>	<b>(1.1)</b>
Manufacturing and R&D overheads	27.9	8.8	26.0	7.9	1.9	6.7
Depreciation and amortization	28.7	9.1	29.2	8.9	(0.5)	(2.0)
Distribution and sales fixed expenses	7.2	2.3	6.3	1.9	0.9	13.9
Administrative and general expenses	16.8	5.2	15.7	4.7	1.1	7.9
Restructuring costs	1.0	0.3	6.1	1.9	(5.1)	(83.8)
Losses (gains) on disposal	-	-	(0.1)	-	0.1	114.0
Exchange (gains) losses	(1.0)	(0.3)	2.1	0.6	(3.1)	(147.5)
Other non-operating expenses (income)	17.6	5.6	1.3	0.4	16.3	-
<b>EBIT</b>	<b>2.1</b>	<b>0.7</b>	<b>14.8</b>	<b>4.5</b>	<b>(12.7)</b>	<b>(85.9)</b>
Financial expenses (income), net	4.1	1.3	5.7	1.7	(1.6)	(28.4)
Losses (gains) from equity investments	-	-	-	-	-	-
<b>RESULT BEFORE TAXES</b>	<b>(2.0)</b>	<b>(0.6)</b>	<b>9.1</b>	<b>2.8</b>	<b>(11.1)</b>	<b>(121.6)</b>
Income taxes	0.1	-	3.9	1.2	(3.8)	(96.7)
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>	<b>(2.1)</b>	<b>(0.6)</b>	<b>5.2</b>	<b>1.6</b>	<b>(7.3)</b>	<b>(139.9)</b>
Net income (loss) from discontinued operations, net of tax effects	(21.2)	(6.8)	0.3	0.1	(21.5)	-
<b>NET RESULT INCLUDING THIRD PARTY</b>	<b>(23.3)</b>	<b>(7.4)</b>	<b>5.5</b>	<b>1.7</b>	<b>(28.8)</b>	<b>(139.9)</b>
Loss (Income) attributable to non - controlling interests	(0.1)	-	0.1	-	(0.2)	(333.4)
<b>GROUP NET RESULT</b>	<b>(23.4)</b>	<b>(7.4)</b>	<b>5.6</b>	<b>1.7</b>	<b>(29.0)</b>	<b>-</b>

(\*) The values of the third quarter of 2020, relating to “Assets held for sale”, have been reclassified following the application of IFRS 5 “Non-current asset held for sale and discontinued operations” to the line “Net income (loss) from discontinued operations, net of tax effects”.

## CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	09.30.2021	12.31.2020	09.30.2020
A. Cash	126.9	209.7	215.1
B. Cash equivalents	-	-	-
C. Other current financial assets	2.1	3.9	2.5
<b>D. Liquidity (A) + (B) + (C)</b>	<b>129.0</b>	<b>213.6</b>	<b>217.6</b>
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	(0.9)	(4.5)	(1.4)
F. Current portion of non-current financial debt	(68.1)	(165.5)	(299.1)
<b>G. Current financial indebtedness (E) + (F)</b>	<b>(69.0)</b>	<b>(170.0)</b>	<b>(300.5)</b>
<b>H. Net current financial indebtedness (G) + (D)</b>	<b>60.0</b>	<b>43.6</b>	<b>(82.9)</b>
I. Non-current financial debt (excluding the current portion and debt instruments)	(317.7)	(309.1)	(193.4)
J. Debt instruments	(80.5)	(93.8)	(102.6)
K. Non-current trade and other payables	-	-	-
<b>L. Non-current financial indebtedness (I) + (J) + (K)</b>	<b>(398.2)</b>	<b>(402.9)</b>	<b>(296.0)</b>
<b>M. Total financial indebtedness (H) + (L)</b>	<b>(338.2)</b>	<b>(359.3)</b>	<b>(378.9)</b>
Non current financial receivables for derivatives	3.2	2.2	4.4
Non current financial debts for derivatives	(0.5)	(1.0)	-
<b>Financial indebtedness net, including financial receivables and debts for derivatives</b>	<b>(335.5)</b>	<b>(358.1)</b>	<b>(374.5)</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	09.30.2021	12.31.2020	09.30.2020
SELF-FINANCING	93.5	104.9	75.1
Change in net working capital	(23.6)	(32.1)	(49.6)
Other medium/long-term assets/liabilities	23.1	6.0	8.3
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>93.0</b>	<b>78.8</b>	<b>33.8</b>
Net decrease from sale of fixed assets	15.8	2.3	0.7
<b>TOTAL SOURCES</b>	<b>108.8</b>	<b>81.1</b>	<b>34.5</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>75.2</b>	<b>133.4</b>	<b>95.7</b>
Net financial position of subsidiaries purchased/sold during the period	(5.5)	9.0	-
Exchange differences on assets/liabilities and equity	(3.0)	5.1	5.6
<b>FREE CASH FLOW</b>	<b>25.1</b>	<b>(38.2)</b>	<b>(55.6)</b>
Dividends paid by subsidiaries to non-controlling interests	(3.0)	-	-
Change in fair value derivative instruments	0.5	(1.0)	-
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>	<b>(2.5)</b>	<b>(1.0)</b>	<b>-</b>
<b>Change in net financial position</b>	<b>22.6</b>	<b>(39.2)</b>	<b>(55.6)</b>
<b>Opening net financial position</b>	<b>(358.1)</b>	<b>(318.9)</b>	<b>(318.9)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	<b>(335.5)</b>	<b>(358.1)</b>	<b>(374.5)</b>



# **CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

## **1. Introduction**

The consolidated Interim financial report as at September 30 2021, which has not been externally audited, has been prepared in compliance with International Accounting Standards (IAS/IFRS) and to this end, the financial statements of consolidated investee companies have been appropriately reclassified and adjusted.

The interim financial report has been drawn up in accordance with the provisions of art. 154-ter, paragraph 5 of Legislative Decree no. 58 of 2/24/98 (Consolidated Law on Finance) and subsequent amendments. Therefore, the provisions of the international accounting standard regarding interim financial information (IAS 34 “Interim financial reporting”) have not been adopted.

## **2. Consolidation principles**

Consolidation is performed on a line-by-line basis. The criteria adopted for the application of this method have not changed with respect to those used as at December 31 2020.

## **3. Accounting Standards applied**

The accounting standards applied in the preparation of the financial statements as at September 30 2021 are the same as those applied to the financial statements as at December 31 2020.

This financial information has been prepared on a going concern basis.

**DECLARATION PURSUANT TO ART. 154-BIS, PARAGRAPH 2, LEGISLATIVE DECREE  
NO. 58/1998**

**Subject: Interim financial report as at September 30, 2021**

The undersigned, Mr. Yann Albrand - Manager responsible for preparing the Company's financial reports -

declares

pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, October 22, 2021

SOGEFI S.p.A  
(Yann Albrand)